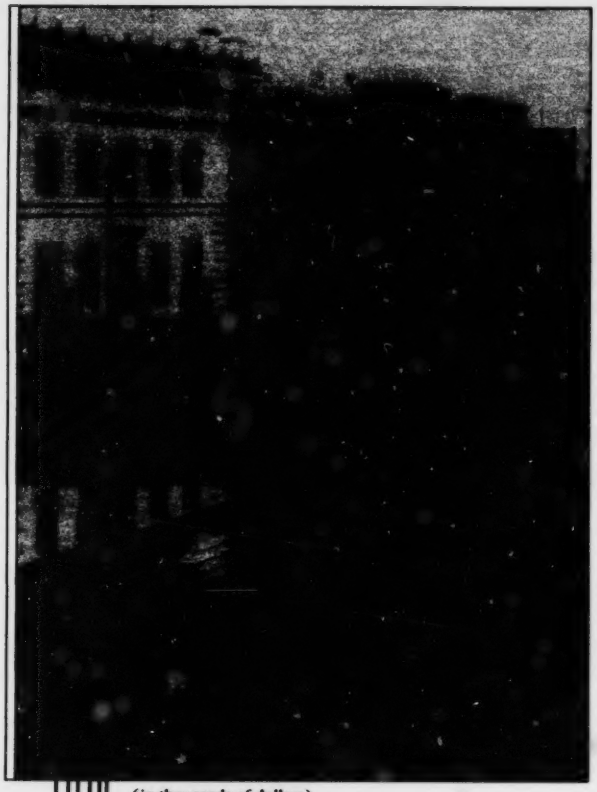
The City of Edmonton

Financial Statements and Reports 1985

Combined Revenues and Expenditures — Source and Distribution

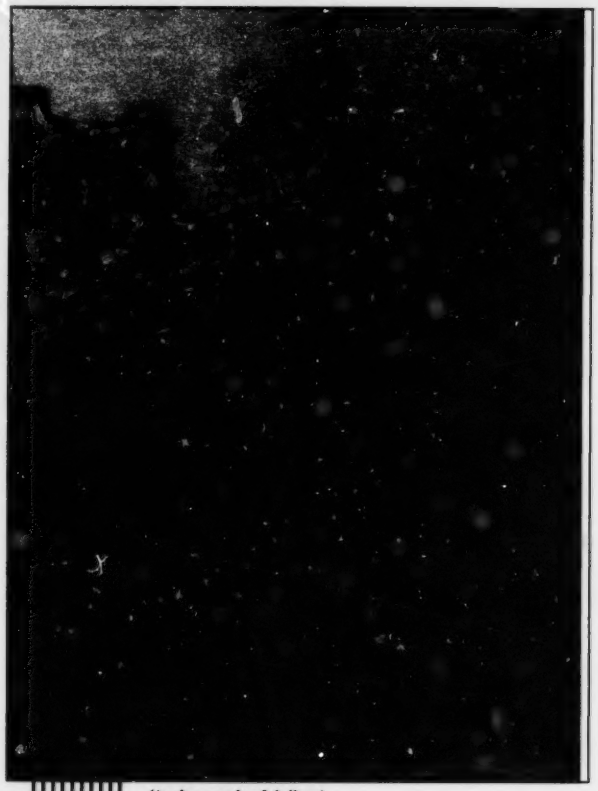
Source of Income Dollar



(in thousands of dollars)

$ 526,822	(40.86%)	Utilities
262,517	(20.36%)	Taxation
169,537	(13.15%)	Education Taxation and Grants
152,709	(11.84%)	Departmental Revenue
86,948	(6.74%)	Government Grants
35,913	(2.79%)	Bus and Light Rail Transit
32,295	(2.50%)	Land Operations
11,898	(0.92%)	Authorities
10,846	(0.84%)	Other
$1,289,485		

Distribution of Income Dollar



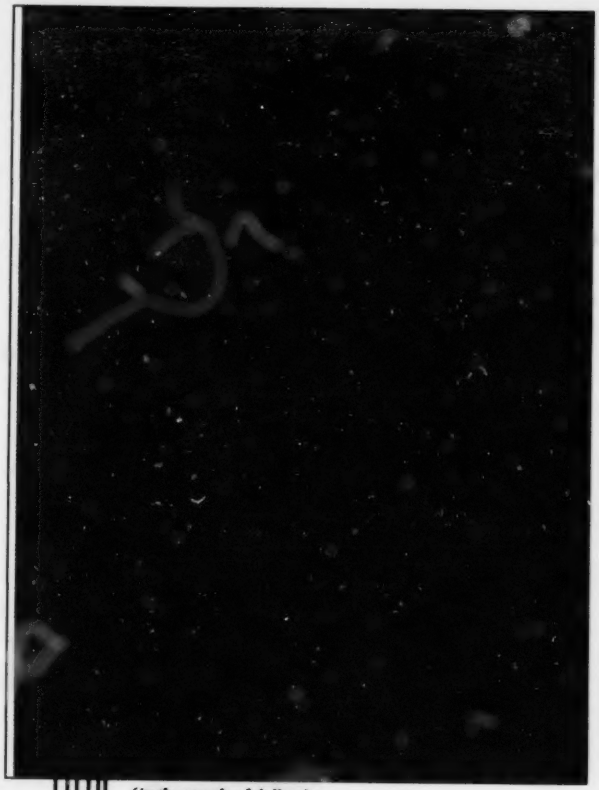
(in thousands of dollars)

$ 453,580	(35.18%)	Utilities
169,537	(13.15%)	Education
127,838	(9.91%)	Protective Services
101,370	(7.86%)	Excess of Revenues over Expenditures
100,264	(7.78%)	Debt Charges
81,431	(6.31%)	Bus and Light Rail Transit
54,102	(4.20%)	General Government and Other
49,992	(3.88%)	Roadway Services
49,270	(3.82%)	Parks and Recreation
23,301	(1.81%)	Authorities
22,018	(1.71%)	Land Operations
16,525	(1.28%)	Social Services
15,000	(1.16%)	Capital Expenditures
14,909	(1.15%)	Garbage Collection and Storm Sewers
10,348	(0.80%)	Library
$1,289,485		

PERFORATED FOR PULLOUT

Combined Revenues and Expenditures — Source and Distribution

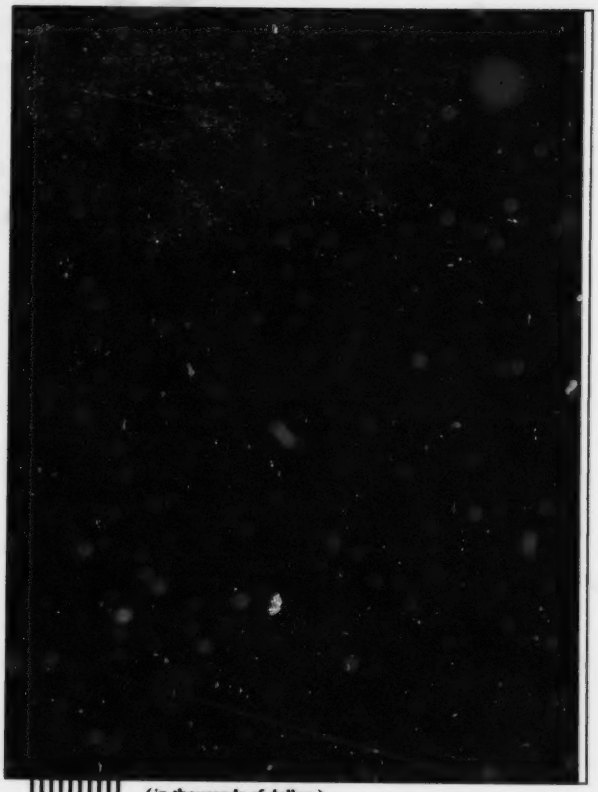
Source of Income Dollar



(in thousands of dollars)

$ 564,700	(41.94%)	Utilities
274,388	(20.38%)	Taxation
174,767	(12.98%)	Education Taxation and Grants
153,831	(11.42%)	Departmental Revenue
86,476	(6.42%)	Government Grants
38,189	(2.84%)	Land Operations
37,019	(2.75%)	Bus and Light Rail Transit
6,882	(0.51%)	Authorities
10,241	(0.76%)	Other
$1,346,493		

Distribution of Income Dollar



(in thousands of dollars)

$ 509,419	(37.83%)	Utilities
174,767	(12.98%)	Education
131,438	(9.76%)	Protective Services
106,965	(7.94%)	Debt Charges
81,872	(6.08%)	Excess of Revenues over Expenditures
80,407	(5.97%)	Bus and Light Rail Transit
57,315	(4.26%)	Roadway Services
56,492	(4.20%)	General Government and Other
50,911	(3.78%)	Parks and Recreation
21,839	(1.62%)	Land Operations
19,162	(1.42%)	Authorities
17,730	(1.32%)	Social Services
14,828	(1.10%)	Garbage Collection and Storm Sewers
13,000	(0.97%)	Capital Expenditures
10,348	(0.77%)	Library
$1,346,493		

Edmonton

Located in the geographic centre of Alberta and Western Canada, Edmonton is Canada's second largest city by area. Its population is 560,000, with a metro population of about 750,000.

Edmonton was established in 1795 as a fur trading post. Incorporated as a town in 1892 and as a city in 1904, it was named capital of the province of Alberta in 1905.

Edmonton first prospered as an agricultural centre. Today, petroleum and coal products are the City's primary industries, accounting for 50 per cent of its manufacturing output. More than 80 per cent of Alberta's oil wells are in the Edmonton market.

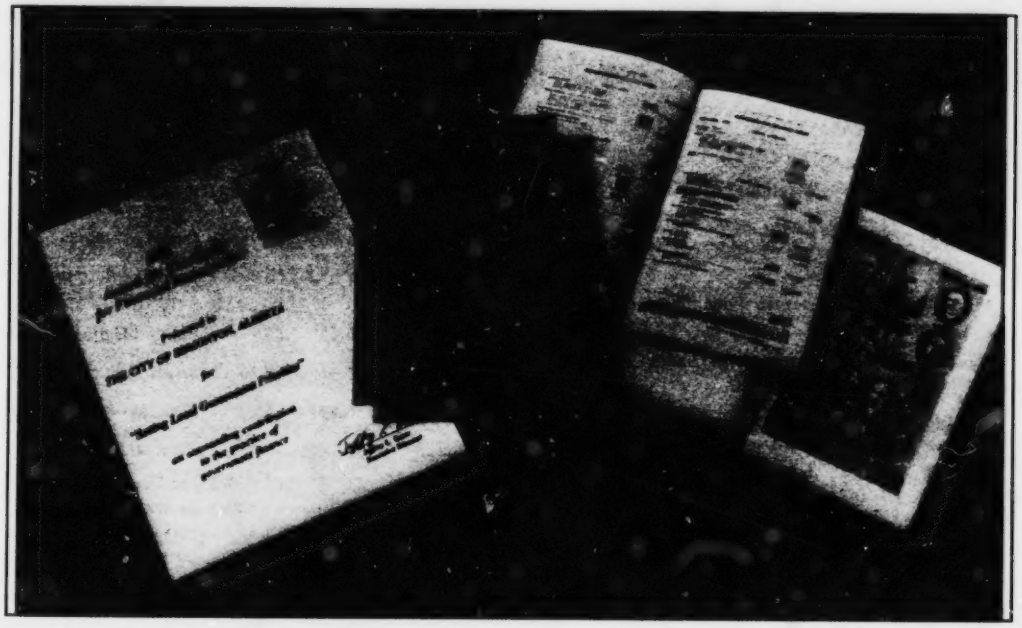
The transportation and distribution centre for the region, and to Canada's far north, Edmonton has earned the title of "Gateway to the North".

Edmonton's municipal governing body is its City Council, consisting of a Mayor and 12 Aldermen. Representatives are elected concurrently to serve a term of three years. Though executive power lies with City Council, an Executive Committee chaired by the Mayor, with representation from four of the six Aldermen who received the most votes in their wards, is assigned duties such as corporate policies, budget, real estate and other responsibilities as necessary.

A City Manager heads the administration. A total of 13 City departments, including two utility departments providing power and telephone service in Edmonton, and several Offices carry out the decisions and direction of Council and the Executive Committee.

This edition of the Corporation of the City of Edmonton's Financial Statements features illustrations of scenes highlighting significant landmarks, civic operations and civic services from the past and present.

The document is dedicated to all elected officials, volunteers and City employees, past and present, for their service to the citizens of Edmonton.



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1985 Officials

City Manager — J.K. McAully (Acting)
Finance — E.N. Mulyk (Acting)
Personnel — J.A. Pare
Computing Resources — W.R. Ellwood
Corporate Communications — P.S. Brown
Corporate Studies — C. Heffring
Action Centre — B. Loree
Disaster Services — B. Wilson

Assistant City Manager of Utilities and Finance — Vacant
Assessors — S.M. Scott
Power — E.F. Kyte
Telephones — R. Bird
Water and Sanitation — E. Podivinsky
Real Estate and Supply Services — G. Weese

Assistant City Manager of Public Affairs — Vacant
Planning and Building — B. Duncan
Parks and Recreation — D. Ausman
Social Services — J.A. Lackey
Transportation — R. David
Fire — R.E. Walker
Police — R.F. Lunney

City Clerk — C.J. McGonigle

City Solicitor — A. Konye

Auditor General — E.J. Powell

Boards and Authorities:

Edmonton and Rural Auxiliary Hospital Board
Chairman — L. McDannold
Executive Director — D.C. McIntyre

Edmonton Northlands
President — G.W. Lavold
General Manager — G.S. Hughes

Royal Alexandra Hospital Board
Chairman — M. MacDonald
President — E.L. Casey

Edmonton Local Board of Health

Chairman	M.A. Binder
Medical Officer	Dr. J.M. Howell

Edmonton Housing Authority

Chairman	D. O'Neil
General Manager	K. Fletcher

Edmonton Public Library Board

Chairman	Dr. W.D. Wilde
Director	V. Richards

Edmonton Ambulance Authority

Chairman	E.H. Leger
General Manager	W.J. Coghill

Edmonton Convention Centre Authority

Chairman	B. Olsen
General Manager	K. Kolesch

Edmonton Convention and Tourism Authority

Chairman	D. Bentley
General Manager	E.D. James

Edmonton Economic Development Authority

Chairman	D.W. Maloney
General Manager	A.G. Bleiken

Edmonton Research and Development Park Authority

Chairman	Dr. H.E. Gunning
General Manager	G.A. Mitchell

Non-Profit Housing Corporation

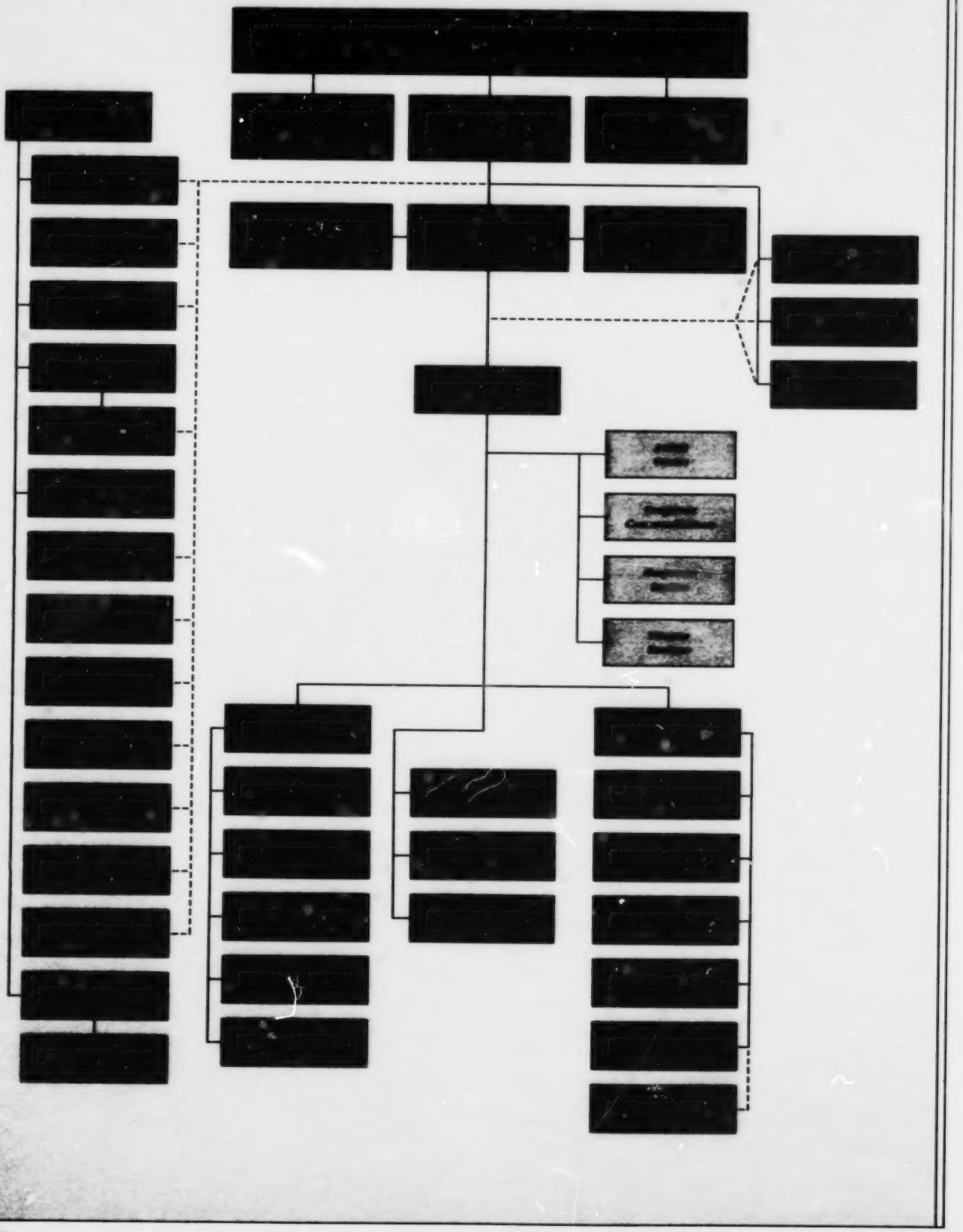
President	J. Reimer
Managing Director	D.A. McCullagh

Police Commission

Chairman	J. Butler
Chief of Police	R.F. Lunney

The City of Edmonton

Organization Chart of the City Administration



The City of Edmonton Council

E D M O N T O N

E D M O N T O N

Back Row, (L-R): Alderman Julian J. Kinisky; Alderman E.H. (Ed) Leger; Alderman Olivia Butti; Alderman Ron Hayter; Alderman Lance D. White, P.Eng.; Alderman Lillian J. Staroszik; Alderman Ken B. Kozak; Alderman Terry Cavanagh

Front Row, (L-R): Alderman Percy Wickman; Mayor Laurence Decore; Alderman Jan Reimer; Alderman G. Lyall Roper; Alderman E.W. (Ed) Ewasiuk

E D M O N T O N

E D M O N T O N

E D M O N T O N

Report from the Acting City Manager

J.K. McAully
Acting City Manager

**Your Worship the Mayor and Members of the Council of
The City of Edmonton:**

It is a pleasure to present the audited Financial Statements and Reports of the Corporation of The City of Edmonton for the year ending December 31, 1985.

The economic uncertainty and changes of recent years have seen your civic employees respond with innovative solutions to the challenge of providing high quality and affordable services to the citizens of Edmonton. For the second consecutive year, Edmonton was the recipient of an Award of Excellence from the prestigious Government Finance Officers Association, of the United States and Canada. This past year it was for the new budget process, a program developed at your direction, and with considerable input from Council Members.

New initiatives this past year include the consolidation of civic office space, with the purchase of the 18-storey Century Place Building. Rather than a rental expense, the City will be making payments on a corporate asset. By locating civic offices in one place, improvements in office operations are also expected.

The visit by the Mayor and three Aldermen to Harbin, China, culminating in Edmonton's twinning with that City, established trade and diplomatic links in the northern province of Heilongjang. The City utility, 'edmonton telephones', has since contracted to provide telephone equipment and technological expertise in the City of Harbin.

A program of renewal and replacement for aging sewer and water lines was given approval in principle by City Council in 1985. The multi-million dollar multi-year project will resolve a serious and growing problem with the City's infrastructure.

The foundations of Edmonton's economy — agriculture, natural resources and northern development — have suffered in recent years and had shown signs of strengthening. Current downward pressure on oil prices, however, has eliminated the possibility of significant improvement in the economy in the short term.

Even with the economic buffeting of recent years, the effectiveness of Edmonton's fiscal policies has allowed the City to maintain one of the lowest municipal tax rates in Canada while supplying a satisfactory level of service.

Municipal projects for 1986, streets, sewer and water, and Light Rail Transit construction, funded by all three levels of government, will help to stimulate employment at a time when it is needed. Even further improvements in serving the citizens of Edmonton will be sought and implemented in 1986.

The year 1985 saw one other Acting City Manager, D. Lychak, who resigned to take up an appointment in Ontario. The City Administration is looking forward to working with the new permanent City Manager, Mr. C.T.C. Armstrong, following the commencement of his duties on February 1, 1986.

Respectfully submitted,

J.K. McAully
Acting City Manager

Report from the Acting General Manager of Finance and City Treasurer

E.N. Mulyk
Acting General Manager
of Finance
and City Treasurer

**Your Worship the Mayor and Members of the Council of
The City of Edmonton:**

It is my pleasure to report that The City of Edmonton has successfully met the fiscal challenges of 1985 and continues to efficiently provide services to its citizens and maintain a sound financial position.

As in 1984 the provincial economy showed little sign of recovery in 1985. As a result, there has been little growth in the assessment base, municipal service revenues or demand for utility services. The City of Edmonton has responded with continued fiscal restraint, minimizing taxation and utility rate increases, while avoiding staff lay-offs and preserving its efficient level of service.

In 1985, the Government Finance Officers Association (GFOA) of the United States and Canada, presented The City of Edmonton with its "Award for Excellence for Financial Management" in recognition of its budgetary process. This is the second consecutive year the City has been the recipient of an award from the GFOA. In 1984, the Award was received in recognition of our "Debt Management Fiscal Policy".

The City of Edmonton's 'AA' credit rating from Standard & Poor's Corporation and 'A1' from Moody's Investor Services was reaffirmed in 1985, in recognition of its fiscal restraint and strong ability to service long-term debt. These credit ratings will continue to benefit the City in the form of lower interest rates in the capital markets for the future financing of capital projects.

The combined Financial Statements at December 31, 1985, present a summary of the City's total operations. Utility and tax-supported general government operations reported surpluses of $3.2 and $6.5 million respectively. In accordance with the debt fiscal policy, funding of capital expenditures from general revenues increased to $15 million in 1985 and tax-supported long-term debt is expected to begin to decline in 1986.

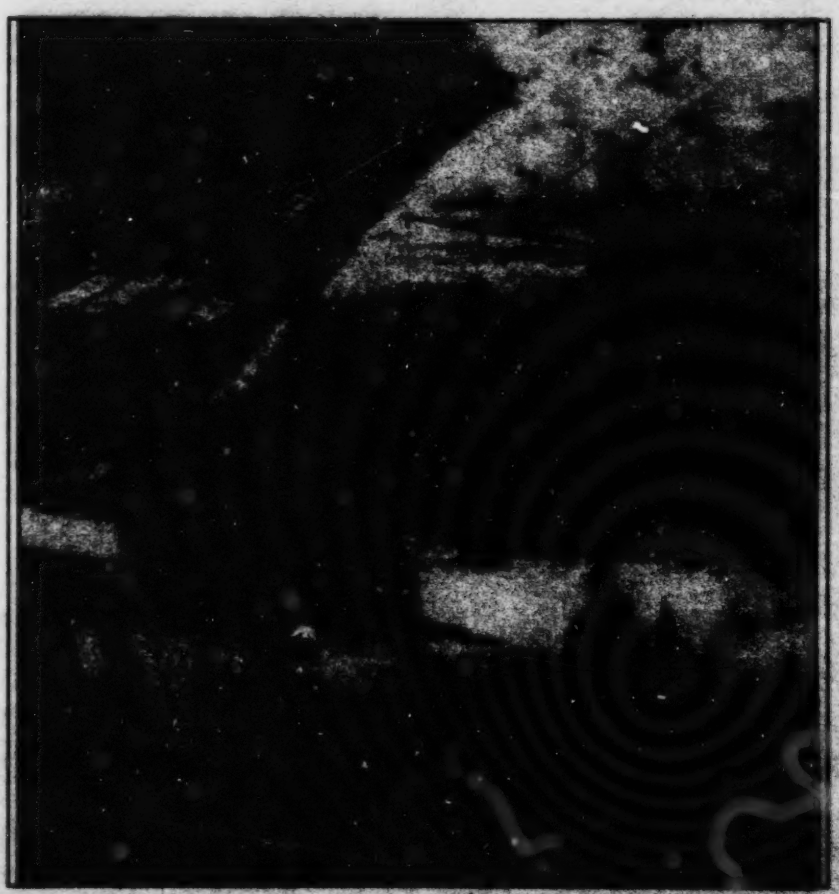
On behalf of the Finance Department, I would like to thank the Members of the City Council, the senior management team and other City officials for their continued cooperation and support in maintaining the fiscal integrity of The City of Edmonton.

Respectfully submitted,

E.N. Mulyk
Acting General Manager of Finance
and City Treasurer

The City of Edmonton

Combined Financial Statements



Engineering
division -
Transportation
department.

Sidewalk crew, 1918;

Construction of High
Level Bridge, 1904;

Paving crew, 1985.

Auditors' Report

To His Worship the Mayor and Members of Council of
The City of Edmonton

We have examined the combined balance sheets of The City of Edmonton as at December 31, 1985 and 1984 and the statements of combined revenues and expenditures, surplus, reserves for future expenditures, and combined changes in financial position for the years then ended. Our examinations were made in accordance with generally accepted auditing standards, and accordingly included such tests and other procedures as we considered necessary in the circumstances.

In our opinion, these combined financial statements present fairly the financial position of The City of Edmonton as at December 31, 1985 and 1984 and the results of its operations and the changes in its financial position for the years then ended in accordance with the accounting principles set out in the Summary of Significant Accounting Policies applied, after giving retroactive effect to the change in the method of accounting for Sanitary Sewer System and Storm Sewers contributed capital surplus as explained in Note 9, on a consistent basis.

Peat Marwick Mitchell & Co.

Edmonton, Canada
April 11, 1986

Chartered Accountants

Combined Balance Sheets

December 31, 1985 and 1984
(in thousands of dollars)

	1985	1984 Restated
ASSETS		
Current Assets		
Short-term investments — at cost (Note 1)	$ 106,830	$ 95,987
Investments held in the Reserves Fund — at the lower of cost or market (Note 2)	36,515	33,057
Taxes receivable less allowance for uncollectible taxes	48,217	49,685
Due from other governments	11,711	12,385
Accounts receivable less allowance for doubtful accounts	86,566	72,857
Current portion of local improvement costs recoverable from property owners	6,585	6,285
Inventory of materials and supplies — at average cost	21,071	23,798
Prepaid expenses	16,043	13,629
	333,538	307,683
Long-term leases receivable	4,357	
Deferred charges	9,487	4,583
Resale land inventory — at cost	142,560	143,613
Land held for future municipal purposes — at cost	63,604	78,409
Deferred foreign exchange costs (Note 4)	6,679	7,706
Local improvement costs recoverable from property owners	177,756	177,838
Sinking Fund investments — at cost	53,647	41,310
Property, plant and equipment (Note 3)	2,565,041	2,438,748
	$3,356,669	$3,199,890

See accompanying notes to financial statements.

Combined Balance Sheets

December 31, 1985 and 1984
(in thousands of dollars)

	1985	1984 Restated
LIABILITIES		
Current Liabilities		
Bank overdraft	$ 24,729	$ 25,193
Accounts payable and accruals	102,691	113,061
Accrued interest on long-term debt	69,937	67,274
Current portion of long-term debt	104,103	91,391
Deferred revenue	11,060	13,107
Utility deposits	5,865	5,401
Advances for construction	24,689	9,794
	343,074	325,221
Long-term debt (Note 4)	1,901,405	1,838,243
EQUITY		
Contributed capital surplus	589,564	572,987
General Government surplus (Note 5)	8,766	4,334
Utilities retained earnings	243,518	187,116
Mill Woods land development enterprise retained earnings	96,066	107,598
Land Fund surplus	44,879	44,312
Equipment Pool retained earnings	41,414	38,667
Self Insurance Fund surplus	11,001	8,920
General surplus	22,216	20,042
Sinking Fund surplus	24,342	20,498
Research and Development Park Authority deficit	(218)	(715)
	1,081,548	1,003,759
Reserves for future expenditures	30,642	32,667
	1,112,190	1,036,426
Commitments and contingencies (Notes 6, 7 and 8)		
	$3,356,669	$3,199,890

See accompanying notes to financial statements.

Combined Statements of Revenues and Expenditures

For the Years Ended December 31, 1985 and 1984
(in thousands of dollars)

	1985	1984
REVENUES		
General Government (Schedule)	$ 707,624	$ 675,944
Utilities (Note 7)	566,719	510,374
Less: Franchise Tax to General Government	39,897	38,557
	526,822	471,817
Mill Woods land development enterprise	12,092	21,303
Land Fund	20,203	8,385
Reserve Fund earnings	2,174	2,085
Excess Sinking Fund earnings	3,844	3,627
Edmonton Ambulance Authority	4,423	4,176
Edmonton Convention Centre Authority	4,991	4,723
Research and Development Park Authority	2,484	36
	50,211	44,335
NET INTER-FUND TRANSACTIONS		
Equipment Pool	2,747	5,759
Self Insurance Fund	2,081	3,765
	4,828	9,524
	$1,289,485	$1,201,620

See accompanying notes to financial statements.

Combined Statements of Revenues and Expenditures — continued

For the Years Ended December 31, 1985 and 1984
(in thousands of dollars)

	1985	1984
EXPENDITURES		
General Government (Schedule)	$ 701,116	$ 674,219
Utilities	493,477	468,312
Less: Franchise Tax to General Government	39,897	38,557
	453,580	429,755
Mill Woods land development enterprise	2,382	3,553
Land Fund	25,833	22,566
Less: Interest funded by General Government	6,197	7,895
	19,636	14,671
Edmonton Ambulance Authority	5,846	5,469
Less: Transfer of deficit to General Government	1,423	1,293
	4,423	4,176
Edmonton Convention Centre operating expenditures	6,656	6,414
Edmonton Convention Centre debt charges	4,519	4,508
Less: Transfer from Edmonton Convention Centre Reserve	6,184	6,199
	4,991	4,723
Research and Development Park Authority	4,090	287
Less: Funding from General Government	2,103	
	1,987	287
EXCESS OF REVENUES OVER EXPENDITURES		
General Government	6,508	1,725
Utilities	73,242	42,062
Mill Woods land development enterprise	9,710	17,750
Land Fund (deficit)	567	(6,286)
Equipment Pool	2,747	5,759
Self Insurance Fund	2,081	3,765
General	2,174	2,085
Excess Sinking Fund earnings	3,844	3,627
Research and Development Park Authority (deficit)	497	(251)
	101,370	70,236
	$1,289,485	$1,201,620

See accompanying notes to financial statements.

Combined Statements of Surplus

For the Years Ended December 31, 1985 and 1984
(in thousands of dollars)

	Contributed Capital	General Government
Balance — January 1		
As previously reported	$545,893	$ 4,334
Prior period adjustment (Note 9)	27,094	
As restated	572,987	4,334
Add: Excess of revenue over expenditures		6,508
Customer and government contributions	32,504	
Deduct: Transfers to general revenue		2,076
Amortization of contributions	15,927	
Dividend payments to general government revenue		
	$589,564	$ 8,766

See accompanying notes to financial statements.

Utilities	Mill Woods Land Development Enterprise	Land Fund	Equipment Pool	Self Insurance Fund	General	Sinking Fund	Research and Development Park Authority	TOTAL 1985	TOTAL 1984 Restated
$187,116	$107,598	$ 44,312	$ 38,667	$ 8,920	$ 20,042	$ 20,498	$ (715)	$ 976,665	$ 912,052
								27,094	29,775
187,116	107,598	44,312	38,667	8,920	20,042	20,498	(715)	1,003,759	941,827
73,242	9,710	567	2,747	2,081	2,174	3,844	497	101,370	70,236
								32,504	35,913
	21,242							23,318	14,615
								15,927	15,256
16,840								16,840	14,346
$243,518	$ 96,066	$ 44,879	$ 41,414	$ 11,001	$ 22,216	$ 24,342	$ (218)	$1,081,548	$1,003,759

Combined Statements of Reserves for Future Expenditures

For the Years Ended December 31, 1985 and 1984
(in thousands of dollars)

	Municipal Housing Incentive Grants	Redevelopment Levy	Capital Expenditure Tax Levy	Provision For Assessment Appeals	Snow Removal
Balance — January 1 (Note 10)	$8,371	$1,666	$2,100	$2,649	$1,500
Source of funds:					
Current year tax levy					
Donations for specific purposes		77			
Depreciation charged to operations					
Surplus on operations					
Sale of assets					
Transfer from other reserves					
Transfer from general revenues					
Interest earned		85			
Total Source of Funds		162			
Use of funds:					
Capital expenditures					
Donations for specific purposes applied		565			
Transfer to operations				2,649	
Purchase of equipment					
Transfer to other reserves					
Total Use of Funds		565		2,649	
Balance — December 31	$8,371	$1,263	$2,100	$	$1,500

See accompanying notes to financial statements.

Equipment	School Campus Sites	Heritage Festival Park and Edmonton Museum	Capital City Recreation Park	Parks and Recreation General	Convention Centre Reserve	Other Reserves	Total General Government	Reserves Fund of the City of Edmonton	Total 1985	Total 1984
$2,010	$ 574	$2,438	$2,681	$3,635	$ 648	$2,729	$31,001	$1,666	$32,667	$40,109
					6,273		6,273		6,273	4,628
68				5,990		187	6,322	629	6,951	5,608
53							53		53	74
						-	-	494	501	395
30						39	69	244	313	260
	215					3	218		218	349
			754				754		754	3,392
		212	315	3	158	37	810	178	988	537
151	215	212	1,069	5,993	6,431	273	14,506	1,545	16,051	15,243
49		1,078		3,153	163	929	5,372	1,544	6,916	1,238
				1,197	34	25	1,821	131	1,952	10,860
					6,184	157	8,990		8,990	10,199
										39
3						215	218		218	349
52		1,078		4,350	6,381	1,326	16,401	1,675	18,076	22,685
$2,109	$ 789	$1,572	$3,750	$5,278	$ 698	$1,676	$29,106	$1,536	$30,642	$32,667

Combined Statements of Changes in Financial Position

For the Years Ended December 31, 1985 and 1984
(in thousands of dollars)

	1985	1984 Restated
Funds provided from:		
Operations:		
Excess of revenues over expenditures	$101,370	$ 70,236
Depreciation net of amortization of contributions	120,225	98,697
Land costs charged to operations	15,187	2,748
Amortization of foreign exchange loss and deferred charges	4,243	2,639
Interest earnings and surplus from operations retained in reserves	1,489	932
Capital expenditures levy	15,000	9,000
Transfer to Convention Centre reserve	6,273	4,628
Transfer to reserves from general government	754	3,392
	264,541	192,272
Increase in capital leases	(4,357)	
Transfer from reserves and surplus to general government	(42,964)	(33,780)
Transfer from reserves to Convention Centre	(6,184)	(6,199)
	211,036	152,293
Debenture borrowings and mortgages	158,191	248,470
Contributions for capital construction	12,734	7,365
Disposal of equipment	3,413	4,148
Government grants and reserves	42,796	57,949
	$428,170	$470,225
Funds applied to:		
Capital expenditures including local improvements	$307,873	$354,208
Repayment of debentures and leases including Sinking Fund payments and earnings	91,428	74,715
Changes in current portion of long-term debt	12,712	17,624
Surplus invested in Sinking Fund assets	3,844	3,627
Other	4,311	(645)
Increase in working capital	8,002	20,696
	$428,170	$470,225

See accompanying notes to financial statements.

Summary of Significant Accounting Policies

December 31, 1985

A. Financial Statement Presentation

The Combined Financial Statements include the assets and liabilities, revenues and expenditures, surplus and reserves of those City funds and governmental functions or entities which have been determined to comprise a part of the aggregate City operations. This combination has been based on the responsibility and control exercised by the City over these entities. The General Government operations, Mill Woods land development enterprise, the Land Fund, the Equipment Pool, the Self Insurance Fund, the Edmonton Utilities, the Edmonton Convention Centre Authority, the Edmonton Research and Development Park Authority, the Edmonton Ambulance Authority, the Sinking Fund of The City of Edmonton, and the Reserves Fund of The City of Edmonton are included in this combination.

The Edmonton Convention and Tourism Authority and the Edmonton Economic Development Authority were created by Acts of the Provincial Legislature, and are included in the Combined Financial Statements to the extent of the provision of funds for their operations as approved by City Council.

The Edmonton Public Library Board, the Local Board of Health and the Royal Alexandra Hospitals are administered by separate boards. The City of Edmonton owns certain of their fixed assets and as such these assets are included in the Combined Financial Statements to the extent that related debenture borrowings are outstanding.

School administration is completely independent from the City Council and subject to control by the Provincial Government pursuant to the provisions of the School Act. The only relationship between the School Boards and The City of Edmonton is that the City is obligated to provide funds raised by taxes deemed necessary by these two Boards. Thus, the Edmonton Public School District No. ~ and the Edmonton R.C. Separate School District No. ~ are not included in the Combined Financial Statements.

Edmonton Northlands is a non-profit company incorporated under the Laws of Alberta. The City of Edmonton owns the land on which all the Company's properties are situated. The assets and operations of Edmonton Northlands are not included in the Combined Financial Statements.

The City of Edmonton Non-Profit Housing Corporation was incorporated as a limited company under the Companies Act of Alberta. The corporation is not included in the Combined Financial Statements and accordingly $48,9~8,000 of mortgages which are secured by $4~,0~8,000 of assets of the corporation are not reflected in the Combined Balance Sheet.

The Pension Fund of The City of Edmonton is comprised of the assets and liabilities under the control of the Trustees of The City of Edmonton Pension Fund. The accounts of the Pension Fund are not included in the Combined Financial Statements.

B. General Accounting Principles and Practices

The City of Edmonton organizes and operates its accounting system to segregate accounts and related transactions into functions which relate to the purpose for carrying on the specific activities. These functions are separated as follows:

(i) General Government Operations, to account for the acquisition and financing of capital facilities, other assets, and the various sources of revenues and expenditures, the payment of interest and principal on long-term debt, in accordance with the usual accounting principles and practices for the operation of conventional municipal services.

(ii) In addition to the regular municipal operations, the City organizes and operates as accounting entities, the following Edmonton Utilities:

Edmonton Power
'edmonton telephones'
Edmonton Water
Edmonton Sanitary Sewage System
Edmonton Municipal Airport

The administration endeavours to ensure that the users pay the full cost of the utility facilities and services, including an adequate return on capital invested. In accordance with the City's fiscal policy each Utility pays to the City's General Municipal revenues an annual revenue tax and a dividend based on each Utility's opening equity.

Summary of Significant Accounting Policies — continued

(iii) The Mill Woods land development project, owned and operated by the City, is considered a municipal enterprise for accounting purposes. The financing concept for this undertaking is that of a self-liquidating nature, with the proceeds from the sale of land being sufficient to offset land acquisition and servicing costs and to provide funds in accordance with the City Council approved Debt Management Policy.

(iv) The Land Fund includes land held for future municipal purposes and land inventory held for resale. Land inventory held for resale is composed of all surplus land not required for municipal or utility purposes. Gains or losses resulting from the sale or transfer of City owned land, except reserve and utility land, are recorded in the Land Fund surplus.

(v) The Equipment Pool includes the vehicle and equipment operations for The City of Edmonton. Revenues are derived from charges made to user departments and the excess of revenues over expenditures,which is recorded as net inter-fund transactions on the combined statement of revenues and expenditures, is retained for the replacement of vehicles and equipment.

(vi) The Self Insurance Fund encompasses the City's insurance program. Revenues are comprised of premiums charged to all City departments for the insurance of assets, and against any potential insurable losses or liabilities which may be incurred. Surplus funds, which are recorded as net inter-fund transactions on the combined statement of revenues and expenditures, are maintained in the Reserves Fund.

(vii) The City also maintains the Special Funds, each to account for the proceeds of specific revenue sources or to finance specified activities. The Sinking Fund maintains funds required to meet the City's redemption requirements of future years. Sinking Fund investment earnings in excess of those required to meet future debt requirements are maintained within the fund as unappropriated surplus. The Reserves Fund is comprised of funds established to finance various specified activities. Reserves Fund net earnings are distributed to reserve deposits and general surplus (The City of Edmonton equity) based on their proportionate share of the assets.

(viii) A number of activities of the City are carried out through authorities created by Acts of the Provincial Legislature.

The Edmonton Research and Development Park Authority for the purpose of operating research and development parks in the City;

The Edmonton Ambulance Authority for the purpose of developing, maintaining, managing and operating an ambulance service in the City;

The Edmonton Convention Centre Authority for the purpose of developing, maintaining, managing and operating a Trade and Convention Centre in the City;

The Edmonton Economic Development Authority for the purpose of promoting and developing the economic growth of the City in a manner consistent with general economic development policies for the City approved by Council;

The Edmonton Convention and Tourism Authority for the purpose of promoting and developing the convention and tourism industry in the City in a manner consistent with a general convention and tourism policy for the City approved by Council.

C. Property, Plant and Equipment

(i) Municipal

Fixed assets employed in General Municipal operations, other than Storm Sewers, Solid Waste, the Equipment Pool and Edmonton Transit, are recorded at an amount equal to the debenture borrowings. Government grants, developer contributions and costs financed through general operations, are applied to reduce the recorded fixed asset costs. These assets are depreciated at an amount equal to debenture principal repayments. The term of the debenture borrowings is generally equal to the established useful life of the assets.

For Storm Sewers, Solid Waste, the Equipment Pool and Edmonton Transit, fixed assets are recorded at gross cost, including any portion financed by developer contributions or government grants. In addition, for Edmonton Transit, interest on funds used during construction is capitalized. The Equipment Pool and Transit assets are depreciated based on their estimated useful lives. For Storm Sewers and Solid Waste the debenture financed assets are depreciated at an amount equal to the principal payments; the portions financed by grants and contributions are depreciated over the estimated useful lives of the assets.

Summary of Significant Accounting Policies — continued

(ii) Utilities
These fixed assets are recorded at gross cost, regardless of financing sources. Interest on funds used during construction is capitalized at short-term borrowing rates. Depreciation is recorded on the gross cost of plant and equipment in service based upon the estimated useful lives of the assets.

D. Local Improvement Costs Recoverable From Property Owners
These receivables originate with local improvements authorized by property owners and undertaken by the City. The construction costs and borrowing costs are recovered through annual special property assessments during the period of the related borrowings.

E. Interest Charges on Long-Term Debt
The City records accrued interest on all outstanding long-term debt.

F. Deferred Revenue
Deferred revenue is mainly composed of advance payments on lease rentals of telephone equipment, and one month advance billings charged by 'edmonton telephones' for telephone rentals to residential customers.

G. Vacation and Sick Benefit Plans
Vacation and sick benefit costs are recorded on a cash basis.

H. Reserves for Future Expenditures
These reserves represent amounts set aside for future municipal operating and capital expenditures. Additions thereto include profits on certain municipal operations and donations for specific purposes. The principal decreases in these reserves include the cost of certain fixed asset additions and transfers to operations.

I. Land Fund Surplus
In accordance with the direction of City Council, profits from General Municipal land transactions are maintained in a surplus account for the purpose of providing funds for the acquisition of land for municipal purposes.

J. Policy for Recording Foreign Exchange on Long-Term Debt
The City follows a policy of translating all debt issued in foreign currencies at year end exchange rates and all unrealized gains or losses are deferred. Gains or losses, realized and unrealized, incurred on foreign exchange translation are deferred and amortized over the remaining life of the related long-term debt.

K. Contributed Capital Surplus
Contributions received from other governments and utility customers in aid of construction are recorded as contributed capital surplus for the Utilities, Storm Sewers, Solid Waste, and Transit.

The contributed capital surplus on depreciable assets is amortized to income over the remaining life of the assets.

Notes to Financial Statements

December 31, 1985

Introduction: All columnar amounts reported in the notes to the financial statements are in thousands of dollars.

NOTE 1. SHORT-TERM INVESTMENTS

The following balances represent the City's short-term money market investment position.

	1985	1984
Cash	$ 9,481	$ 9,000
Short-term investments (notes receivable)	97,349	86,987
	$106,830	$ 95,987

NOTE 2. INVESTMENTS HELD IN THE RESERVES FUND

$14,299,000 of the Investments Held in the Reserves Fund are designated to fund Reserves for Future Expenditures and the Self Insurance Fund. The remaining $22,216,000 is not designated for specific purposes.

NOTE 3. PROPERTY, PLANT AND EQUIPMENT

A. The components of capital assets are as follows:

	1984 Restated	Net Additions	Grants, Contributions, etc.	1985
General municipal*	$ 583,525	$ 79,085	$ 51,766	$ 610,844
Storm and solid wastes system	363,125	17,368		380,493
Edmonton Public Library*	6,694	278	278	6,694
Glenrose and Royal Alexandra Hospitals	5,230			5,230
Local Board of Health	540			540
Equipment Pool*	86,235	7	6,135	80,107
Convention Centre*	41,000	231	231	41,000
Ambulance*	1,469	321	169	1,621
Mill Woods	16,312	(335)		15,977
Utilities	2,021,157	142,871		2,164,028
Total Assets	3,125,287	$ 239,826	$ 58,579	3,306,534
Less: Accumulated depreciation	686,539			741,493
Total Net Assets	$2,438,748			$2,565,041

* In accordance with the stated general accounting principles and practices the grants and contributions for General Municipal Fixed Assets are deducted from the Related costs.

	1985	1984
B. Depreciation charged to operations for the year including local improvements and net of amortization of contributions	$120,225	$ 98,697

Notes to Financial Statements — continued

NOTE 4. LONG-TERM DEBT

A. Debt payable at December 31 includes the following amounts:

	1985	1984
Debentures	$1,961,213	$1,896,783
Mortgages	28,790	15,978
Provision for foreign exchange	7,902	6,861
Loan payable — Research and Development Park	4,506	4,507
Leases	3,097	5,505
Total long-term debt	2,005,508	1,929,634
Less current portion	104,103	91,391
Long-term debt	$1,901,405	$1,838,243

Principal payments on long-term debt for the next five years are as follows:

	1986	1987	1988	1989	1990
General Government	$ 40,188	$ 43,386	$ 45,982	$ 33,115	$ 26,783
Utilities	48,171	52,727	45,748	99,791	53,368
Mill Woods	746	791	838	891	947
Land	12,658	14,640	654	709	763
Equipment Pool	2,149	2,222	1,048	88	101
Research Park	191	221	254	294	339
	$104,103	$113,987	$ 94,524	$134,888	$ 82,301

B. Interest on long-term debt charged to operations:

	1985	1984
General Government	$ 77,339	$ 72,594
Utilities	93,099	91,680
Mill Woods	102	244
Land	9,328	10,913
Equipment Pool	2,110	2,375
Research Park	4,877	2,820
	$186,855	$180,626

Notes to Financial Statements — continued

C. Existing long-term debt matures in annual amounts to the year 2020 and debenture interest is payable, before Provincial Subsidy at rates ranging from 0% to 19.00% per annum. The average annual interest rate is 12.60% for 1985 and 12.67% for 1984, before rebate.

D. For qualifying debt issues other than those issued for the Power and Telephone systems, the Province of Alberta rebates interest in excess of the following percentages and as per the following qualifications:

Debenture Issue Date	Bylaw Certificate Issue Date	Percentage	Rebate Term
January 1, 1974 - March 31, 1980	Not Applicable	8	Full
April 1, 1980 - March 26, 1981	Not Applicable	9	Full
March 27, 1981 - March 31, 1982	Not Applicable	11	Full
April 1, 1982 - March 31, 1985	Prior April 1, 1980	11	5 Years
	April 1, 1980 - March 31, 1982	11	Full
	April 1, 1982 - March 27, 1983	11	5 Years
April 1, 1985 - March 28, 1986	Prior March 31, 1982	No Rebate	
	April 1, 1982 - March 27, 1983	11	5 Years
After March 28, 1986	Not Applicable	No Rebate	

E. The deferred foreign exchange costs represent:

	1985	1984
(i) The unamortized amount pertaining to U.S. issues to be charged to operations over the remaining life of the loans	$4,976	$4,300
(ii) The unamortized loss pertaining to the fully redeemed Swiss issue to be recovered from future 'edmonton telephones' and Edmonton Power rates over the remaining life of the original loan (1986)	1,703	3,406
	$6,679	$7,706

NOTE 5. GENERAL GOVERNMENT SURPLUS

	1985	1984
Appropriated for general government	$1,900	$2,864
Retained for future years' revenue stabilization	6,866	1,470
	$8,766	$4,334

Notes to Financial Statements — continued

NOTE 6. COMMITMENTS

A. City Council has approved a 1986 capital budget of $408,405,000 which is to be funded as follows:

Reserves, Grants and Developer Contributions	$151,862
Self-liquidating debentures	211,982
Pay-As-You-Go Funds	15,000
Tax supported debentures	29,561
	$408,405

Capital expenditures related to Genesee Power Project represent $140,295,000 of the 1986 capital budget. The City will require additional funds of $671,477,000 from 1987 to 1990.

B. Leases

Prior to December 31, 1978, certain Transit buses had been financed through sale and leaseback arrangements. These leases were not accounted for as capital leases and therefore are not included in the balance sheet. The assets and liabilities that would have been included had the leases been accounted for as capital are:

Assets	1985	1984
Equipment under capital lease (cost)	$16,116	$16,116
Less: accumulated depreciation	8,762	7,680
	$ 7,354	$ 8,436
Liabilities		
Capital lease	$ 9,286	$10,353

Had the leased buses been recorded as capital, they would have been amortized on a straight-line basis, over their economic life of 15 years. Because they were not recorded as capital, the operating expenditures are lower by $14,306 in 1985 and $89,332 in 1984.

The lease expiry dates range from 1988 to 1993. The total minimum lease payments to 1993 are $12,149,000. Minimum lease payments for the next five years are:

1986	$1,812
1987	$1,812
1988	$1,642
1989	$1,523
1990	$1,523

Notes to Financial Statements — continued

C. Pension Plans

All employees of The City of Edmonton, with the exception of Policemen, are members of the Local Authorities Pension Plan of the Province of Alberta. Policemen are members of the Special Forces Pension Plan of the Province of Alberta. In both Plans, the City is only responsible for deducting and remitting monthly contributions.

The City is responsible for the pension requirements of those members who were retired at the time the City's Pension Plan was transferred to the Province of Alberta. Also, a Supplementary Pension Plan exists for Firemen to which the City is required to make contributions. Based upon the most recent actuarial report of June 30, 1985, the City's unfunded liability for the above funds amounts to approximately $13,600,000. Of this amount, $1,500,000 is being funded through annual special payments of $332,644 to the year 1991. The funding for the remaining balance is uncertain as of this date.

There is approximately $13,800,000, including interest, in the Pension Fund which represents the residual awarded to The City of Edmonton from a litigation settled in 1984. The distribution of this fund is uncertain at this date. These funds have not been used to reduce the liabilities in the pension plans, and they are not recorded in the assets of the combined financial statements.

D. Vacation and Sick Pay Benefit Plans

The City's vacation and sick benefit costs are recorded on a cash basis. Accordingly, an accrued liability for vacation pay at December 31, 1985 of approximately $27,000,000 has not been reflected in the combined financial statements. An actuarial report of the City's sick benefit plan as at December 31, 1985 shows an unfunded liability of $20,000,000 which is not reflected in the financial statements.

NOTE 7. TOLL REVENUE

An arbitration committee is currently reviewing both The City of Edmonton ('edmonton telephones') and the Province of Alberta (Alberta Government Telephones) positions pertaining to the apportionment of the revenue generated from long distance calls originating and terminating in Edmonton since January 1, 1985. Any revenue that would result from the committee's decision has not been included in these financial statements due to the uncertainty of the decision, and the inability to reasonably estimate an appropriate amount. Upon settlement of this matter any revenue will be accounted for as a prior period adjustment.

NOTE 8. CONTINGENCIES

The City is defendant in various lawsuits as of December 31, 1985. While it is impossible to estimate the ultimate liability with respect to the pending litigation, the City Solicitor believes there will be no material adverse effect on the financial position of the City.

Notes to Financial Statements — continued

NOTE 9. CHANGE IN ACCOUNTING POLICY

The accounting policy for Sanitary Sewer System and Storm Sewers has been changed to record contributed capital assets and contributed capital surplus in a manner consistent with the Utilities operations. Previously, Sanitary Sewer System and Storm Sewers did not record certain developer contributed capital assets and surplus. As well, the recorded contributed capital assets were not depreciated and the contributions were not amortized. The accounts have been restated to record contributed capital assets, including the depreciation thereon; and the contributed capital surplus including the amortization thereon.

As a result, fixed assets and contributed capital surplus at January 1, 1985, have been increased by $27,094,000, representing the net amount of contributions toward the financing of fixed assets to that date.

The effect of the adjustment to fixed assets and contributed capital surplus is shown below:

	Adjustment Applicable to Years Prior to January 1, 1984	Adjustment Applicable to 1984	Net Adjustment January 1, 1985
Increase in fixed assets and contributed capital surplus	$50,114	1,353	$51,467
Increase in accumulated depreciation and accumulated amortization	20,339	4,034	24,373
Fixed assets and contributed capital surplus	$29,775	(2,681)	$27,094

NOTE 10. RECLASSIFICATION

Certain 1984 figures have been restated to conform to 1985 financial statement presentation. The most significant reclassifications result from the reclassification of the Non-Profit Housing Reserve for Future Expenditures of $2,500,000 as an allowance against Due From Other Governments, and the reclassification of the Edmonton Power Reserve for Future Expenditures of $622,000 as an accrued liability. As well, deferred charges and advances for construction have been decreased by $16,184,000 respectively. These amounts, which are now netted, relate to government grants for roadways, and were previously recorded at gross.

Schedule of General Government Revenues and Expenditures

For the Years Ended December 31, 1985 and 1984
(in thousands of dollars)

	1985	1984
REVENUES		
Taxation:		
General municipal taxes	$179,085	$169,717
Business taxes	55,126	55,022
Local improvement taxes	26,958	27,391
Other	1,348	2,693
	262,517	254,823
Government Grants:		
Municipal assistance	15,420	15,420
Police	10,803	10,784
Social services	8,801	8,162
Provincial government in lieu of taxes	15,722	10,609
Federal government in lieu of taxes	2,296	2,381
Interest stabilization rebate	15,896	15,889
Transit operating grant	6,490	5,636
Subsidized housing	1,585	1,577
Cultural and recreational	4,814	6,107
Provincial municipal housing incentive		868
Engineering highway maintenance	4,670	938
Other	451	766
	86,948	79,137
Utility Contributions — franchise tax	39,897	38,557
Franchises and Rents:		
Gas franchise tax	19,198	17,868
Rental of City properties	4,375	3,583
Subsidy housing rentals	280	288
	23,853	21,739
Bus and Light Rail Transit	35,913	35,340

Schedule of General Government Revenues and Expenditures — continued

(in thousands of dollars)

	1985	1984
Service Fees and Other:		
Parks and Recreation	11,667	11,638
Real Estate and Housing	561	1,611
Planning	830	580
Police	1,034	915
Engineering	849	858
Sanitation	1,217	1,151
Other	3,330	3,427
	19,488	20,180
Licenses, Permits and Parking:		
Parking operations	3,752	4,144
Licenses and permits	5,702	4,591
	9,454	8,735
Fines	6,082	7,231
Interest:		
Interest on investments and loans	3,986	4,000
Tax penalties net of discounts	6,985	6,521
	10,971	10,521
Total Municipal Revenues before transfers	495,123	476,263
Transfers:		
Transfer from Reserves for Future Expenditures	2,806	4,000
Transfer from Edmonton Public Library Board		819
Transfer from Mill Woods Retained Earnings	21,242	14,615
Transfer from Utilities — dividends	16,840	14,346
Surplus from Previous Year	2,076	
	42,964	33,780
Total Municipal Revenues	538,087	510,043
Education:		
Taxation	159,491	155,390
Government grants in lieu of taxes	10,046	10,511
	169,537	165,901
TOTAL REVENUES	$707,624	$675,944

Schedule of General Government Revenues and Expenditures — continued

(in thousands of dollars)

	1985	1984
EXPENDITURES		
Debt Charges:		
General debt	$ 70,516	$ 66,026
Local improvement debt	29,748	28,920
	100,264	94,946
Protective Services:		
Police	69,951	70,426
Fire	51,402	50,551
Bylaw enforcement	6,485	6,635
	127,838	127,612
Parks and Recreation	49,270	49,480
Social Services	16,525	16,732
Garbage Collection and Storm Sewer	14,909	14,286
Roadway Services:		
Roadway maintenance	18,031	16,325
Snow and ice removal	11,087	11,029
Street lighting	5,770	4,823
Traffic lights and signs	2,899	3,092
Offstreet parking	1,413	1,608
Street cleaning	3,701	3,194
Transportation system design	2,958	3,357
Other	4,133	4,115
	49,992	47,543
General Municipal Government:		
Corporate management	34,644	30,316
City property management and maintenance	5,058	5,182
	39,702	35,498
City Council and Mayor's Office	1,645	1,364
Bus and Light Rail Transit	81,431	77,868
Provision for uncollectible business taxes	4,634	8,759
Assessment appeal tax reductions	3,990	3,722
Business tax rebate program	3,377	
Capital expenditures	15,000	9,000

Schedule of General Government Revenues and Expenditures — continued

(in thousands of dollars)

	1985	1984
Edmonton Public Library Board	10,348	10,245
Edmonton Ambulance Authority	1,423	1,292
Convention Centre Reserve	6,273	4,628
Edmonton Convention and Tourism Authority	757	648
Edmonton Economic Development Authority	1,344	1,303
Edmonton Research and Development Park Authority	2,103	
Total Municipal Expenditures before transfers	530,825	504,926
Transfers:		
Reserve for Capital City Recreation Park	754	3,392
Total Municipal Expenditures	531,579	508,318
Education:		
Provincial School Foundation Act	32,799	35,948
Public School District No. 7	101,028	96,278
Separate School District No. 7	35,710	33,675
	169,537	165,901
TOTAL EXPENDITURES	701,116	674,219
TOTAL REVENUES	707,624	675,944
Excess of revenues over expenditures	$ 6,508	$ 1,725

Comments on Supplementary Financial Information

December 31, 1985

We have reported to the Mayor and Members of Council on our examination for the purpose of expressing an opinion on the combined financial statements of The City of Edmonton for the year ended December 31, 1985.

We do not express an opinion on the following schedules since our examination did not extend to the detailed information therein.

Edmonton, Canada
April 11, 1986

Peat, Marwick, Mitchell & Co.
Chartered Accountants

Analysis of Combined Balance Sheet

December 31, 1985
(in thousands of dollars)

	General Government	Combined Utilities	Mill Woods Land Development Enterprise
ASSETS			
Current Assets			
Short-term investments — at cost	$ 106,830	$	$
Investments held in the Reserve Fund — at the lower of cost or market	22,216		
Taxes receivable less allowance for uncollectible taxes	48,217		
Due from other governments	11,711		
Accounts receivable less allowance for doubtful accounts	15,735	66,470	2,457
Current portion of local improvement costs recoverable from property owners	6,585		
Inventory of materials and supplies — at average cost	8,258	12,441	
Prepaid expenses	6,091	9,713	
Inter-operation balance	(4,315)	(22,984)	78,998
	221,328	65,640	81,455
Long-term leases receivable		4,357	
Deferred charges	9,487		
Resale land inventory — at cost			8,073
Land held for future municipal purposes — at cost			
Deferred foreign exchange costs	2,146	4,533	
Local improvement costs recoverable from property owners	177,756		
Sinking Fund investments — at cost	1,766	27,193	342
Property, plant and equipment	828,180	1,674,193	15,977
	$1,240,663	$1,775,916	$ 105,847

Land Fund	Equipment Pool	Self Insurance Fund	Reserves Fund of The City of Edmonton	Sinking Fund of The City of Edmonton	Edmonton Ambulance Authority	Edmonton Convention Centre Authority	Research and Development Park Authority	Combined Balance Sheet 1985	Combined Balance Sheet 1984 Restated
$	$	$	$	$	$	$	$	$ 106,830	$ 95,987
		12,763	1,536					36,515	33,057
								48,217	49,685
								11,711	12,385
		88	220		691	848	57	86,566	72,857
								6,585	6,285
	203				40	129		21,071	23,798
		23			23	193		16,043	13,629
(83,008)	10,600				210	(677)	21,176		
(83,008)	10,803	12,874	1,756		964	493	21,233	333,538	307,683
								4,357	
								9,487	4,583
119,170							15,317	142,560	143,613
63,604								63,604	78,409
								6,679	7,706
								177,756	177,838
				24,346				53,647	41,310
	45,962				729			2,565,041	2,438,748
$ 99,766	$ 56,765	$ 12,874	$ 1,756	$ 24,346	$ 1,693	$ 493	$ 36,550	$3,356,669	$3,199,890

Analysis of Combined Balance Sheet — continued

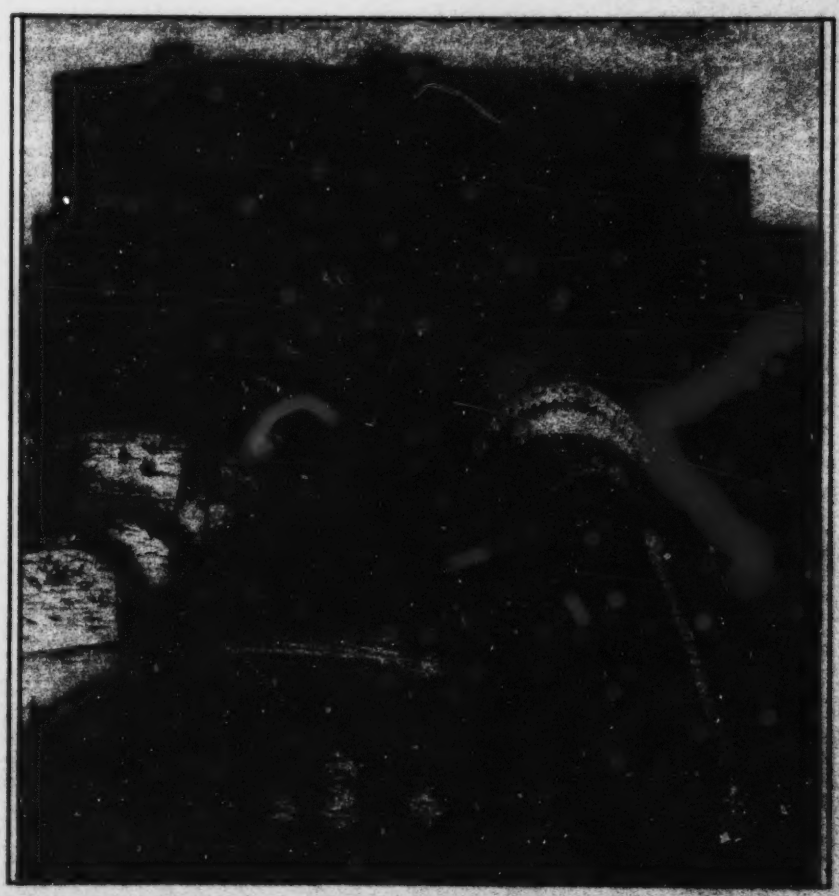
December 31, 1985
(in thousands of dollars)

	General Government	Combined Utilities	Mill Woods Land Development Enterprise
LIABILITIES			
Current Liabilities			
Bank overdraft	$ 24,582	$	$
Accounts payable and accruals	78,722	19,350	680
Accrued interest on long-term debt	25,586	43,625	
Current portion of long-term debt	39,802	48,171	746
Deferred revenue		11,018	
Utility deposits		5,865	
Advances for construction	22,997	1,692	
	191,689	129,721	1,426
Long-term debt	551,552	1,250,981	8,355
EQUITY			
Contributed capital surplus	437,334	151,696	
General Government surplus	8,766		
Utilities retained earnings		243,518	
Mill Woods land development enterprise retained earnings			96,066
Land Fund surplus			
Equipment Pool retained earnings			
Self Insurance Fund surplus			
General surplus	22,216		
Sinking Fund surplus			
Research and Development Park Authority deficit			
	468,316	395,214	96,066
Reserves for future expenditures	29,106		
	497,422	395,214	96,066
	$1,240,663	$1,775,916	$ 105,847

Land Fund	Equipment Pool	Self Insurance Fund	Reserves Fund of The City of Edmonton	Sinking Fund of The City of Edmonton	Edmonton Ambulance Authority	Edmonton Convention Centre Authority	Research and Development Park Authority	Combined Balance Sheet 1985	1984 Restated
$	$	$	$	$	$ 51	$ 96	$	$ 24,729	$ 25,193
	116	1,873	220	4	455	355	916	102,691	113,061
	726							69,937	67,274
12,658	2,149				386		191	104,103	91,391
						42		11,060	13,107
								5,865	5,401
								24,689	9,794
12,658	2,991	1,873	220	4	892	493	1,107	343,074	325,221
42,229	11,845				782		35,661	1,901,405	1,838,243
	515				19			589,564	572,987
								8,766	4,334
								243,518	187,116
								96,066	107,598
44,879								44,879	44,312
	41,414							41,414	38,667
		11,001						11,001	8,920
								22,216	20,042
				24,342				24,342	20,498
							(218)	(218)	(715)
44,879	41,929	11,001		24,342	19		(218)	1,081,548	1,003,759
			1,536					30,642	32,667
44,879	41,929	11,001	1,536	24,342	19		(218)	1,112,190	1,036,426
$ 99,766	$ 56,765	$ 12,874	$ 1,756	$ 24,346	$ 1,693	$ 493	$ 36,550	$3,356,669	$3,199,890

The City of Edmonton

Combined Utilities Financial Statements



Edmonton Power-
City owned utility
since 1908.

Coal fired power
plant, 1928;

Genesee Power Station,
a 600 megawatt
plant, 1985.

Utilities

City-owned Utilities
The City owns and operates all major public utility services, with the exception of natural gas. The utilities are Edmonton Power, 'edmonton telephones', Edmonton Water, Edmonton Municipal Airport and Edmonton Sanitary Sewer System.

Utility Fiscal Policy
The administration endeavours to ensure that the users pay the full cost of the utility facilities and services, including an adequate return on capital invested. A fiscal policy has been adopted by City Council to establish utility objectives in the areas of rates setting, municipal taxation and contribution of earnings to the City.

The policy for the five utilities establishes a rate of return on opening equity equal to 15%. Of this rate of return, 60% is required as a contribution of profits to the general revenues of the City. The remaining 40% is retained within the utilities. In addition, the City charges an 8% franchise tax on utility revenues in lieu of property and business taxes and other costs associated with the exclusive rights afforded each utility. This tax is included in the City's general revenues.

Balance Sheet

December 31, 1985 and 1984
(in thousands of dollars)

	Edmonton Municipal Airport		Edmonton Power	
	1985	1984	1985	1984
ASSETS				
Current assets:				
Due from The City of Edmonton	$ 7,360	$ 7,282	$	$
Accounts receivable less doubtful accounts	616	543	41,750	39,216
Inventory of material and supplies — at average cost			4,465	4,823
Prepaid expenses			640	946
	7,976	7,825	46,855	44,985
Long-term leases receivable				
Deferred charges:				
Foreign exchange loss			2,483	3,021
Debenture discount and expense less amortization			4,178	4,065
Other				
			6,661	7,086
Property accounts:				
Land, buildings and equipment	19,732	18,147	502,181	461,618
Less accumulated depreciation	5,881	5,270	173,986	157,192
	13,851	12,877	328,195	304,426
Construction in progress	110		433,328	366,041
	13,961	12,877	761,523	670,467
The City of Edmonton Sinking Fund			19,959	13,281
	21,937	20,702	834,998	735,819
LIABILITIES				
Current liabilities:				
Due to The City of Edmonton			31,345	43,461
Accounts payable and accruals	112	79	11,388	19,630
Accrued interest on long-term debt	141	136	18,615	17,436
Unearned revenues				
City customer guarantee deposits	21	5	3,774	3,429
Current portion of long-term debt	145	131	19,142	16,724
	419	351	84,264	100,680
Customer advances				
Long-Term debt:				
Debentures payable	3,723	3,868	575,333	518,305
Provision for foreign exchange			1,911	1,737
Capital lease obligations				
	3,723	3,868	577,244	520,042
EQUITY				
The City of Edmonton	17,795	16,483	145,375	88,886
Contributions and grants for extensions to plant			28,115	26,211
	17,795	16,483	173,490	115,097
	$ 21,937	$ 20,702	$834,998	$735,819

'edmonton telephones'		Edmonton Sanitary Sewage System		Edmonton Water		Combined Utilities	
1985	1984	1985	1984 Restated	1985	1984	1985	1984 Restated
$	$	$ 1,635	$	$ 8,390	$ 7,042	$ 17,385	$ 14,324
13,913	9,286	3,514	3,190	6,677	6,143	66,470	58,378
6,973	9,233			1,003	1,302	12,441	15,358
4,466	3,295			14	46	5,120	4,287
25,352	21,814	5,149	3,190	16,084	14,533	101,416	92,347
4,357						4,357	
2,050	2,795					4,533	5,816
247	339			38	42	4,463	4,446
130	161				252	130	413
2,427	3,295			38	294	9,126	10,675
574,653	590,838	199,855	194,374	373,712	350,641	1,670,133	1,615,618
198,445	198,637	43,087	39,986	68,436	61,674	489,835	462,759
376,208	392,201	156,768	154,388	305,276	288,967	1,180,298	1,152,859
23,948	17,766	4,836	1,180	31,673	20,246	493,895	405,233
400,156	409,967	161,604	155,568	336,949	309,213	1,674,193	1,588,092
6,252	5,557	496	387	486	343	27,193	19,568
438,544	440,633	167,249	159,145	353,557	324,383	1,816,285	1,680,682
9,024	4,586		810			40,369	48,857
3,665	3,274	689	107	3,496	1,825	19,350	24,915
13,794	12,754	3,494	3,432	7,581	7,225	43,625	40,983
11,018	11,794					11,018	11,794
1,013	952	336	327	721	688	5,865	5,401
22,317	20,122	2,616	2,331	3,951	3,373	48,171	42,681
60,831	53,482	7,135	7,007	15,749	13,111	168,398	174,631
		240	148	1,452	2,057	1,692	2,205
333,404	337,856	105,160	100,387	229,375	206,240	1,246,995	1,166,656
1,275	1,158					3,186	2,895
800	3,028					800	3,028
335,479	342,042	105,160	100,387	229,375	206,240	1,250,981	1,172,579
38,569	41,488	3,705	3,014	38,074	37,245	243,518	187,116
3,665	3,621	51,009	48,589	68,907	65,730	151,696	144,151
42,234	45,109	54,714	51,603	106,981	102,975	395,214	331,267
$438,544	$440,633	$167,249	$159,145	$353,557	$324,383	$1,816,285	$1,680,682

Statement of Income

For the Years Ended December 31, 1985 and 1984
(in thousands of dollars)

	Edmonton Municipal Airport	
	1985	1984
Revenue	$ 9,057	$ 8,396
Expenditures:		
Maintenance	2,831	2,577
Operating	1,797	1,858
Franchise Tax	664	611
Depreciation	612	596
Alberta Electrical Marketing Agency Transfer Payments		
	5,904	5,642
Net income (loss) before interest charges	3,153	2,754
Debenture interest	466	458
Interest capitalized		
Provincial Government Rebate	(109)	(104)
Other interest	1	
Amortization of debenture discount and foreign exchange loss		
	358	354
Net income (loss) before other items	2,795	2,400
Amortization of contributions		
NET INCOME (LOSS)	$ 2,795	$ 2,400

Edmonton Power		'edmonton telephones'		Edmonton Sanitary Sewage System		Edmonton Water		Combined Utilities	
1985	1984	1985	1984	1985	1984 Restated	1985	1984	1985	1984 Restated
$263,024	$237,580	$206,250	$184,320	$ 27,401	$ 25,204	$ 60,987	$ 54,874	$566,719	$510,374
11,145	10,864	32,831	32,741	8,029	7,093	12,270	10,490	67,106	63,765
141,294	134,412	60,182	52,754	5,398	5,644	17,742	13,809	226,413	208,477
20,231	18,720	12,593	13,529	2,193	1,974	4,216	3,723	39,897	38,557
16,829	16,950	57,099	41,071	3,102	2,843	6,763	6,110	84,405	67,570
(10,660)	3,107							(10,660)	3,107
178,839	184,053	162,705	140,095	18,722	17,554	40,991	34,132	407,161	381,476
84,185	53,527	43,545	44,225	8,679	7,650	19,996	20,742	159,558	128,898
66,589	53,307	43,502	40,220	11,349	10,869	27,539	25,526	149,445	130,380
(50,839)	(35,037)	(2,424)	(885)	(274)	(123)	(2,809)	(2,655)	(56,346)	(38,700)
				(2,570)	(2,531)	(7,205)	(6,771)	(9,884)	(9,406)
3,430	5,014	563	1,022	(7)		(708)	(1,322)	3,279	4,714
1,912	1,537	1,271	1,268			11	10	3,194	2,815
21,092	24,821	42,912	41,625	8,498	8,215	16,828	14,788	89,688	89,803
63,093	28,706	633	2,600	181	(565)	3,168	5,954	69,870	39,095
1,396	1,091	182	176	781	746	1,013	954	3,372	2,967
$ 64,489	$ 29,797	$ 815	$ 2,776	$ 962	$ 181	$ 4,181	$ 6,908	$ 73,242	$ 42,062

Statement of The City of Edmonton Equity

For the Years Ended December 31, 1985 and 1984
(in thousands of dollars)

	Edmonton Municipal Airport	
	1985	1984
Balance — January 1	$ 16,483	$ 15,476
Add — Net income (loss) for year	2,795	2,400
Less — Dividend payments to The City of Edmonton	1,483	1,393
Balance — December 31	$ 17,795	$ 16,843

Statement of Contributions and Grants for Extensions to Plant

For the Years Ended December 31, 1985 and 1984
(in thousands of dollars)

Balance — January 1		
As previously reported	$	$
Prior period adjustment		
As restated		
Add — Government grants		
Customer contributions		
Less — Amortization		
Balance — December 31	$	$

Edmonton Power		'edmonton telephones'		Edmonton Sanitary Sewage System		Edmonton Water		Combined Utilities	
1985	1984	1985	1984	1985	1984 Restated	1985	1984	1985	1984 Restated
$ 88,886	$ 64,933	$ 41,488	$ 42,541	$ 3,014	$ 3,113	$ 37,245	$ 33,337	$187,116	$159,400
64,489	29,797	815	2,776	962	181	4,181	6,908	73,242	42,062
8,000	5,844	3,734	3,829	271	280	3,352	3,000	16,840	14,346
$145,375	$ 88,886	$ 38,569	$ 41,488	$ 3,705	$ 3,014	$ 38,074	$ 37,245	$243,518	$187,116
$ 26,211	$ 23,333	$ 3,621	$ 3,610	$ 47,180	$ 46,586	$ 65,730	$ 65,219	$142,742	$138,748
				1,409	1,544			1,409	1,544
26,211	23,333	3,621	3,610	48,589	48,130	65,730	65,219	144,151	140,292
317	195			114				431	195
2,983	3,774	226	187	3,087	1,205	4,190	1,465	10,486	6,631
3,300	3,969	226	187	3,201	1,205	4,190	1,465	10,917	6,826
1,396	1,091	182	176	781	746	1,013	954	3,372	2,967
1,396	1,091	182	176	781	746	1,013	954	3,372	2,967
$ 28,115	$ 26,211	$ 3,665	$ 3,621	$ 51,009	$ 48,589	$ 68,907	$ 65,730	$151,696	$144,151

Statement of Changes in Financial Position

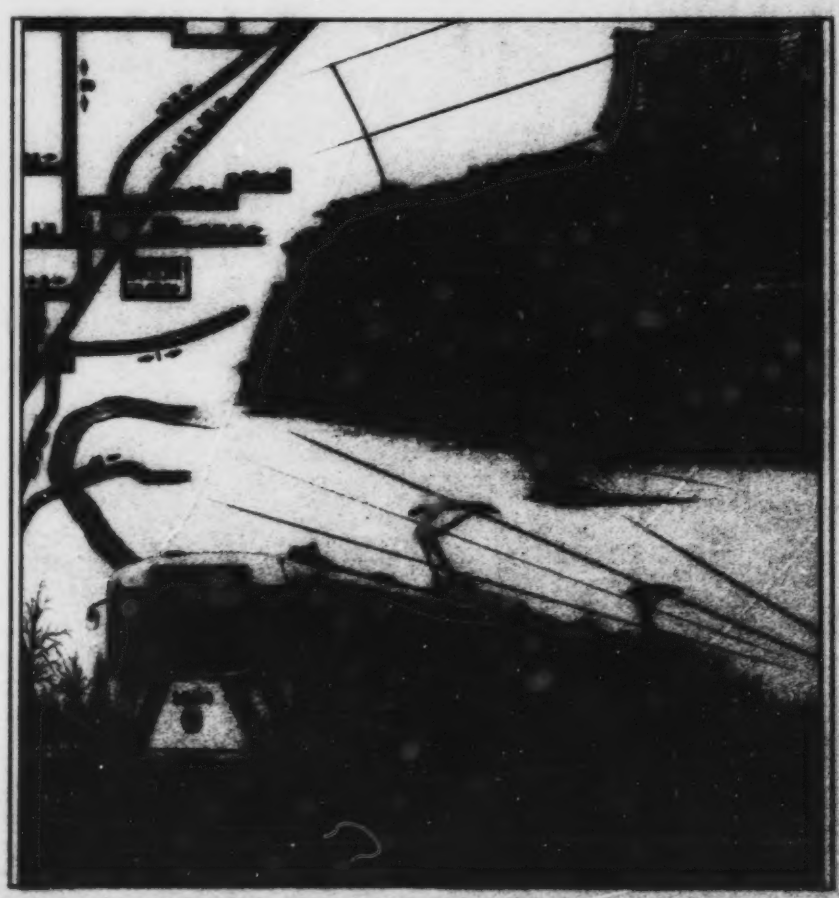
For the Years Ended December 31, 1985 and 1984
(in thousands of dollars)

	Edmonton Municipal Airport	
	1985	1984
FUNDS PROVIDED FROM:		
Operations:		
Net income (loss) for the year	$ 2,795	$ 2,400
Depreciation and amortization	612	596
	3,407	2,996
Borrowings:		
Debenture issues		340
Capital Leases		
		340
Other sources:		
Disposal of fixed assets		
Contributions and grants		
Other — net		
Total funds provided	3,407	3,336
FUNDS APPLIED TO:		
Capital expenditures	1,696	642
Repayment of debt:		
Debentures	131	117
Sinking Fund payment and earnings		
Change In Current Portion of Long-Term Debt	14	14
Capital Leases		
	145	131
Debenture discount and deferred expenses		
Change in capital inventory		
Repayment of advances		
Change in long-term leases receivable		
Return on investment transferred to The City of Edmonton	1,483	1,393
Total funds applied	3,324	2,166
Increase (decrease) in working capital	83	1,170
	$ 3,407	$ 3,336

Edmonton Power		'edmonton telephones'		Edmonton Sanitary Sewage System		Edmonton Water		Combined Utilities	
1985	1984	1985	1984	1985	1984 Restated	1985	1984	1985	1984 Restated
$ 64,489	$ 29,797	$ 815	$ 2,776	$ 962	$ 181	$ 4,181	$ 6,908	$ 73,242	$ 42,062
16,936	17,095	58,047	42,198	2,321	2,097	6,006	5,160	83,922	67,146
81,425	46,892	58,862	44,974	3,283	2,278	10,187	12,068	157,164	109,208
70,210	149,260	15,000	12,107	7,300	8,379	26,962	19,389	119,472	189,475
			5,505						5,505
70,210	149,260	15,000	17,612	7,300	8,379	26,962	19,389	119,472	194,980
245	57	(449)	841					(204)	898
3,300	3,969	226	187	3,201	1,205	4,190	1,465	10,917	6,826
		367	1,195	91				458	1,195
3,545	4,026	144	2,223	3,292	1,205	4,190	1,465	11,171	8,919
155,180	200,178	74,006	64,809	13,875	11,862	41,339	32,922	287,807	313,107
108,132	174,307	44,769	58,814	9,137	8,359	34,498	27,555	198,232	269,677
10,809	9,491	17,107	14,222	2,241	2,013	3,250	2,886	33,538	28,729
6,678	6,309	695	663	109	104	142	92	7,624	7,168
2,418	1,363	2,196	5,489	285	227	578	405	5,491	7,498
		2,408						2,408	
19,905	17,163	22,406	20,374	2,635	2,344	3,970	3,383	49,061	43,395
857	2,242	262	278			1	2	1,120	2,522
		2,290	(306)					2,290	(306)
					726	605	66	605	792
		4,357						4,357	
8,000	5,844	3,734	3,829	271	280	3,352	3,000	16,840	14,346
136,894	199,556	77,818	82,989	12,043	11,709	42,426	34,006	272,505	330,426
18,286	622	(3,812)	(18,180)	1,832	153	(1,087)	(1,084)	15,302	(17,319)
$155,180	$200,178	$ 74,006	$ 64,809	$ 13,875	$ 11,862	$ 41,339	$ 32,922	$287,807	$313,107

The City of Edmonton

Schedules, Analyses and Statistics



Edmonton
Transit division-
Transportation
department.

Trolley car, 1922;

Light Rail Transit,
(LRT), 1985.

Statistical Review

For the Years 1981 to 1985
(in thousands of dollars, except per capita)

	1985	1984	1983	1982	1981
Population	560,085	560,085	560,085	551,314	521,205
Area — in hectares	70,067	70,067	70,067	70,067	33,118
Building permits	$ 481,420	$ 333,930	$ 583,243	$ 802,627	$ 1,157,038
Assessment:					
Total taxable assessment	$11,275,516	$11,231,490	$11,088,987	$10,889,588	$ 9,855,094
Percentage of total assessment represented by:					
Residential properties	65.9%	65.4%	63.7%	62.8%	65.2%
Commercial properties	34.1%	34.6%	36.3%	37.2%	34.8%
Taxable assessment per capita	$ 20,132	$ 20,053	$ 19,799	$ 19,751	$ 18,908
Estimated market value of taxable assessment	$21,520,000	$23,900,000	$26,200,000	$25,000,000	$22,000,000
Rates of taxation (mills):					
Single-family residences	23.56	22.42	22.09	20.59	17.71
Multiple-family residences	28.49	27.11	26.64	24.81	21.38
Vacant Residential land	32.54	30.95			
Commercial and industrial	40.37	39.35	38.80	36.37	31.69
Tax collections, arrears and levy:					
Percentage of current taxes collected	95.7%	94.4%	93.7%	91.9%	94.0%
Percentage of arrears and current taxes collected	103.1%	102.8%	103.4%	97.2%	100.2%
Tax arrears per capita	$ 75.35	$ 78.90	$ 84.46	$ 82.61	$ 54.14
Property tax levy per capita	$ 654.78	$ 634.11	$ 618.41	$ 573.95	$ 479.07
Revenue:					
General government revenue	$ 707,624	$ 675,944	$ 672,868	$ 605,651	$ 491,521
Percentage of revenue:					
Property and business taxes	61.0%	62.2%	61.2%	62.6%	59.8%
Utility contributions	8.0%	7.8%	7.3%	7.3%	7.8%
Grants	12.3%	11.7%	11.4%	10.0%	11.8%
Other	18.7%	18.3%	20.1%	20.1%	20.6%
Long-term debt:					
Debt per capita:					
Self supported	$ 2,924	$ 2,829	$ 2,535	$ 2,313	$ 1,931
Tax supported	594	569	543	425	315
	$ 3,518	$ 3,398	$ 3,078	$ 2,738	$ 2,246
Current tax supported debt charges as a % of general government revenue	10.0%	9.8%	7.3%	5.9%	4.8%
Per capita tax supported debt as a % of per capita disposable income	4.6%	4.6%	4.6%	3.6%	2.9%
Percentage of total debt to be retired:					
Within 5 years	27.2%	26.1%	23.2%	20.3%	15.3%
Within 10 years	48.3%	45.9%	41.6%	36.9%	33.4%

Analysis of Net Long-Term Debt as at December 31, 1985 and Long-Term Debt Principal and Interest Payments

for the Year Ended December 31, 1985
(in thousands of dollars)

	Long-Term Debt Outstanding		
	Long-Term Debt	Sinking Fund	Net Long-Term Debt
Protection to Persons — Property:			
Fire	$ 17,355	$	$ 17,355
Police	11,226		11,226
Traffic Lights	7,528		7,528
	36,109		36,109
Public Works:			
Workshops, Yards and Equipment	3,263		3,263
Bridges and Approaches	10,073		10,073
Curbs and Sidewalks	361		361
Subways and Tunnels	104		104
Pedestrian Tunnels	215		215
Land	1,378		1,378
Streets and Roadways	94,026		94,026
	109,420		109,420
Storm Sewer and Solid Waste System:	45,067	232	44,835
Edmonton Transit System:	79,727		79,727
Century Place Building Mortgage	12,874		12,874
Recreation and Community Services:			
Space Sciences Building	4,934		4,934
Parks and Playgrounds	22,408		22,408
Swimming Pools	4,886		4,886
Skating Rinks	1,240		1,240
Community Services	93		93
Parkland Acquisition	315		315
Libraries	3,515		3,515
Ambulance Authority	1,057		1,057
Parking Garage	687		687
Health Offices and Clinics	275		275
Mobile Home Park	1,618		1,618
Miscellaneous	8,648		8,648
	49,676		49,676
Total Tax-Supported Debt	332,873	232	332,641
Municipal Enterprises:			
Edmonton Power & Power Generation	594,237	19,958	574,279
'edmonton telephones'	353,265	6,252	347,013
'edmonton telephones' Leases	3,097		3,097
Edmonton Water	233,325	486	232,839
Sanitary Sewer System	107,777	497	107,280
Edmonton Municipal Airport	3,868		3,868
Mill Woods Project	9,101	342	8,759
Local Improvements Property Share	179,743		179,743
Public Housing	19,814		19,814
Royal Alexandra Hospital	4,705		4,705
Mobile Equipment Services	17,204		17,204
Integrated Services Facilities	8,759		8,759
Convention Centre	40,163		40,163
Land Inventory	53,823		53,823
Edmonton Research and Development Park	31,346		31,346
Edmonton Research and Development Park Loan	4,506		4,506
	1,664,733	27,535	1,637,198
Provision for Foreign Exchange	7,902		7,902
Total	$2,005,508	$ 27,767	$1,977,741

Sinking Fund Required Earnings

Long-Term Borrowing Position		Principal and Interest Payments on Long-Term Debt (Accrued)			
Pending or (Unexpended) Debenture Borrowings	Total Long-Term Debt Position	Principal	Interest	Provincial Government Interest Rebate	Total
$ (2,387)	$ 14,968	$ 605	$ 2,631	$ 717	$ 2,519
	11,226	163	1,745	622	1,286
	7,528	923	1,165	323	1,765
(2,387)	33,722	1,691	5,541	1,662	5,570
	3,263	423	463	91	795
	10,073	1,050	944	89	1,905
	361	79	30		109
	104	16	8		24
	215	13	17		30
	1,378	380	110		490
(13,123)	80,903	8,773	12,625	2,690	18,708
(13,123)	96,297	10,734	14,197	2,870	22,061
3,020	47,855	4,154	5,393	1,088	8,459
(8,312)	71,415	4,123	11,496	3,200	12,419
	12,874	107	944		1,051
(75)	4,859	35	655	111	579
	22,408	2,783	2,998	618	5,163
	4,886	223	713	238	698
	1,240	131	88		219
	93	9	7		16
	315		31	3	28
	3,515	460	403	72	791
	1,057	289	161	31	419
	687	115	43		158
	275	23	22		45
	1,618	18	207	56	169
(434)	8,214	674	1,339	371	1,642
(509)	49,167	4,760	6,667	1,500	9,927
(21,311)	311,330	25,569	44,238	10,320	59,487
31,345	605,624	16,531	65,256		81,787
9,024	356,037	17,516	43,422		60,938
	3,097	2,408	519		2,927
(8,390)	224,449	3,430	27,883	7,256	24,057
(1,635)	105,645	2,331	12,263	2,908	11,686
	3,868	130	455	106	479
	8,759	705	794	30	1,469
4,146	183,889	6,285	22,853	5,668	23,470
	19,814	200	1,536	30	1,706
	4,705	70	606	124	552
1,842	19,046	3,739	2,874	789	5,824
	8,759	81	1,322	477	926
	40,163	272	6,130	1,883	4,519
	53,823	10,693	9,218	3,036	16,875
(20,586)	10,760	166	4,877	1,415	3,628
	4,506				
15,746	1,652,944	64,557	200,008	23,722	240,843
	7,902				
$ (5,565)	$1,972,176	$ 90,126	$ 244,246	$ 34,042	$ 300,330
		$ 1,302			
		$ 91,428			

Schedule of Taxation

December 31, 1985 and 1984
(in thousands of dollars)

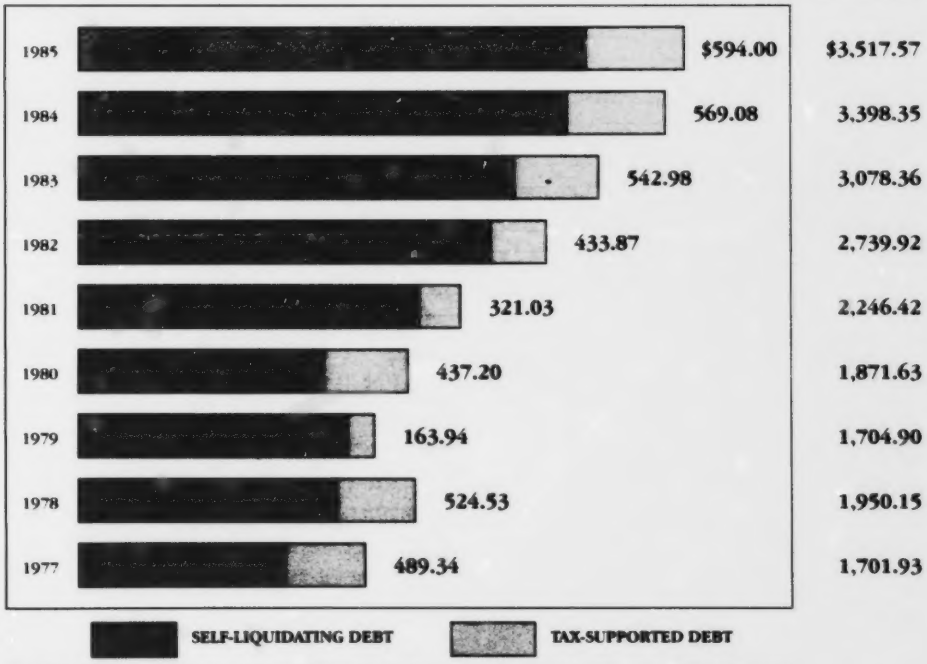
	1985	1984
Property Taxes:		
Arrears — January 1	$ 44,189	$ 47,305
Add — Penalties	10,266	9,012
— Sundry adjustments	(777)	(2,370)
	53,678	53,947
Add Current year's tax levy:		
Tax levy	338,576	325,174
Supplementary and partial tax levy and adjustments	1,267	2,693
Assessment appeals tax reductions	(655)	(1,086)
Municipal and school taxes	339,188	326,781
Special frontage and local improvement taxes	26,976	27,800
Other special charges	567	573
	366,731	355,154
Less Collections:		
Current taxes	347,736	332,683
Arrears of taxes	27,169	29,597
Discount	3,304	2,632
	378,209	364,912
Property tax arrears — December 31	42,200	44,189
Business Taxes:		
Arrears — January 1	17,598	15,497
Add — Penalties	2,275	2,137
— Sundry adjustments	(3,281)	272
	16,592	17,906
Add Current year's tax levy	51,188	51,087
Add Convention Centre	4,400	4,500
	55,588	55,587
Less Collections:		
Current taxes	42,571	45,949
Arrears of taxes	5,193	5,159
Discount	1,917	1,996
Taxes written off	1,282	2,791
	50,963	55,895
Gross business tax arrears	21,217	17,598
Less — Allowance for uncollectible taxes	15,200	12,102
Business tax arrears — December 31	6,017	5,496
Total Tax Arrears (Property and Business)	$ 48,217	$ 49,685

Schedule of Funded Debt Transactions

December 31, 1985 and 1984
(in thousands of dollars)

	Net Debt December 31, 1984	Issues	Redemptions	Net Debt December 31, 1985
Self-Liquidating Debt:				
Utilities	$1,194,792	$117,210	$ 43,626	$1,268,376
Local Improvements	184,648	1,380	6,285	179,743
Hospitals	4,775		70	4,705
Mill Woods Project	9,477		718	8,759
Public Housing	20,014		200	19,814
Mobile Equipment Services	20,943		3,739	17,204
Integrated Services Facilities	8,774		15	8,759
Convention Centre	40,435		272	40,163
Land Inventory	64,516		10,693	53,823
Research and Development Park	36,018		166	35,852
	1,584,392	118,590	65,784	1,637,198
Debt Subject to Taxation:				
General	272,686	36,601	21,481	287,806
Storm Sewer and Solid Wastes	45,998	3,000	4,163	44,835
	318,684	39,601	25,644	332,641
Sub-Total	$1,903,076	$158,191	$ 91,428	$1,969,839
Provision for Foreign Exchange	6,861			7,902
Total	$1,909,937			$1,977,741

DISTRIBUTION OF NET LONG-TERM DEBT — PER CAPITA



As at December 31, 1985 projects pending debenture funds amounted to $15.746 million for self-liquidating and unexpended funds of $21.311 million for tax-supported projects.

Statement of Interest Rates on Long-Term Debt

December 31, 1985
(in thousands of dollars)

Percentage Rate of Interest	Long-Term Debt	Annual Interest
0.000	$ 4,506	$ 0
3.500	16	1
4.000	52	2
4.500	328	15
5.250	693	36
5.375	2,507	135
5.625	127	7
5.750	14,274	821
5.875	53	3
6.000	7,549	453
6.375	217	14
6.670	695	46
6.750	3,840	259
6.830	142	10
6.875	2,239	154
7.000	535	37
7.500	20,948	1,571
7.534	337	25
7.625	5,333	407
7.750	40,414	3,132
7.875	3,442	271
8.000	18,530	1,482
8.031	673	54
8.125	6,000	488
8.250	5,419	447
8.500	43,627	3,708
8.750	7,376	645
9.000	13,489	1,214
9.250	104,305	9,648
9.375	58,757	5,509
9.500	1,505	146
9.750	102,670	10,010
10.000	64,850	6,485
10.125	295	30
10.375	16,095	1,670
10.500	82,326	8,644
10.875	3,000	326
11.000	2,525	369
11.125	28,669	3,190
11.250	50,000	5,625
11.500	46,687	5,369
11.750	60,907	7,157
12.000	44,488	5,339
12.250	100,000	12,250
12.375	29,988	3,711
12.500	2,165	271
12.625	31,804	4,015
12.750	12,999	1,657
12.875	68,092	8,767
13.000	69,263	9,004
13.125	9,520	1,250
13.250	41,659	5,522
13.375	1,153	154
13.500	15,237	2,057
13.625	11,840	1,613
13.750	198,203	27,253
14.000	16,819	2,355
14.250	3,789	540
14.500	8,105	1,175
15.000	194	86
15.250	41,327	6,302
16.000	132,426	21,188
16.250	50,391	8,189

Statement of Interest Rates on Long-Term Debt — continued

December 31, 1985
(in thousands of dollars)

Percentage Rate of Interest	Long-Term Debt	Annual Interest
16.500	113,626	18,748
17.000	50,933	8,659
17.500	55	25
18.125	50,304	9,118
19.000	67,274	12,782
Gross Debt	1,997,606	$ 251,645
Sinking Fund	27,767	
Sub-Total	$1,969,839	
Provision for Foreign Exchange	7,902	
Net Debt	$1,977,741	

Average Annual Interest Rate $\frac{251,645}{1,997,606} \times 100 = 12.60\%$

Summary of Outstanding Long-Term Debt

December 31, 1985
(in thousands of dollars)

Debenture Debt Issued To:	
Alberta Municipal Financing Corporation	$1,607,571
General Public	338,830
Central Mortgage and Housing Corporation	6,040
Province of Alberta	2,506
Alberta Housing Corporation	2,477
Research Park Loan — Alberta Housing Corporation	4,506
Municipal Development and Loan Board	2,123
Government of Canada	1,227
City of Edmonton Sinking Fund	396
Alberta Opportunity Company	43
	1,965,719
Mortgages Issued To:	
Municipal Development and Loan Board	14,078
Central Mortgage and Housing Corporation	1,837
Canada Life Assurance Company	5,820
Montreal Trust Company	7,055
	28,790
Leases Issued To:	
Northern Telecom	2,525
First City Trust	572
	3,097
Provision For Foreign Exchange	7,902
Total Long-Term Debt	$2,005,508

The Long-Term Debt of The City of Edmonton is payable in the following currency and amounts:

Canadian Dollars	$1,985,668
U.S. Dollars	19,840
	$2,005,508

Annual Long-Term Debt Service Charges

(in thousands of dollars)

	Self-Liquidating				Tax Supported				
Year	Principal	Interest	Rebate	Sub-Total	Principal	Interest	Rebate	Sub-Total	Total
1986	$ 73,621	$204,768	$23,286	$255,103	$32,248	$43,067	$10,249	$65,066	$320,169
1987	81,170	196,765	22,249	255,686	35,151	39,440	9,868	64,723	320,409
1988	59,057	188,366	20,882	226,541	38,406	35,418	9,062	64,762	291,303
1989	113,051	183,728	20,206	276,573	25,284	30,981	8,562	47,703	324,276
1990	67,559	171,578	19,528	219,609	18,999	28,005	8,141	38,863	258,472
1991	71,689	165,068	18,884	217,873	13,126	25,718	7,694	31,150	249,023
1992	72,956	158,298	18,391	212,863	12,026	24,089	7,277	28,838	241,701
1993	71,757	147,939	17,833	201,863	13,726	22,636	6,936	29,426	231,289
1994	71,655	137,401	17,248	191,808	9,816	21,192	6,607	24,401	216,209
1995	77,225	129,476	16,583	190,118	10,031	19,723	6,233	23,521	213,639
1996	83,157	120,847	15,831	188,173	10,0'/2	18,243	9,813	18,502	206,675
1997	82,460	111,465	14,980	178,945	10,795	16,733	5,365	22,163	201,108
1998	87,344	102,503	14,015	175,832	8,218	14,571	4,753	18,036	193,868
1999	87,840	93,019	12,927	167,932	9,745	13,744	4,434	19,055	186,987
2000	83,164	83,474	11,704	154,934	11,149	12,203	3,921	19,431	174,365
2001	69,650	74,411	10,396	133,665	11,284	10,431	3,328	18,387	152,052
2002	75,527	65,624	8,987	132,164	9,734	8,130	3,167	14,697	146,861
2003	71,110	54,373	7,526	117,957	7,827	7,042	2,210	12,659	130,616
2004	62,482	43,189	5,996	99,675	9,063	5,805	1,811	13,057	112,732
2005	53,847	28,938	4,294	78,491	10,499	4,200	1,346	13,353	91,844
2006	43,935	15,611	2,568	56,978	9,833	2,702	805	11,730	68,708
2007	31,567	8,547	1,123	38,991	5,695	1,081	280	6,496	45,487
2008	11,534	3,810	287	15,057	1,380	183	29	1,534	16,591
2009	8,236	2,327	116	10,447					10,447
2010	3,321	1,282		4,603					4,603

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The City of Edmonton

Related Authorities Financial Statements

Parks and
Recreation
department.

Borden Park Band
Shell, 1933;

Hawrelak Park
Band Shell under
construction, 1985.

The City of Edmonton
Non-Profit Housing Corporation

Auditors' Report

To the Shareholder

We have examined the balance sheet of The City of Edmonton Non-Profit Housing Corporation as at December 31, 1985 and the statements of revenue and expenditures, surplus (deficit) and changes in financial position for the year then ended. Our examination was made in accordance with generally accepted auditing standards, and accordingly included such tests and other procedures as we considered necessary in the circumstances.

In our opinion, these financial statements present fairly the financial position of the Corporation as at December 31, 1985 and the results of its operations and the changes in its financial position for the year then ended in accordance with the accounting principles set out in the summary of significant accounting policies applied on a basis consistent with that of the preceding year.

Edmonton, Canada
March 13, 1986, except as to
note 7, which is as of April 10, 1986

Peat, Marwick, Mitchell & Co.
Chartered Accountants

Balance Sheet

December 31, 1985 (with comparative figures for 1984)
(in thousands of dollars)

	1985	1984
ASSETS		
Current assets:		
Cash and short-term deposits	$ 201	$ 146
Accounts receivable	47	58
Prepaid taxes	43	38
The City of Edmonton — current account	5,091	5,191
Total current assets	5,382	5,433
Fixed assets:		
Housing projects (notes 3 and 4)	47,224	47,205
Less accumulated depreciation	146	90
	47,078	47,115
	$52,460	$52,548
LIABILITIES AND SHAREHOLDER'S EQUITY		
Current liabilities:		
Accounts payable	$ 19	$ 45
Deferred revenue	180	180
Deposits	282	262
Prepaid rents	4	3
Current portion of mortgages payable (note 6)	2,823	2,801
Total current liabilities	3,308	3,291
The City of Edmonton loan (note 5)	2,500	2,500
Mortgages payable (note 6)	46,155	46,233
Shareholder's equity:		
Capital stock:		
Authorized 20,000 shares without par value; issued 1 share	1	1
Operating deficit	(390)	(146)
Subsidy reserve	36	38
Replacement reserve	850	631
Total shareholder's equity	497	524
	$52,460	$52,548

See accompanying notes to financial statements.

Statement of Revenue and Expenditures

Year ended December 31, 1985 (with comparative figures for 1984)
(in thousands of dollars)

	1985	1984
Rental revenue	$3,735	$3,618
Operating assistance	5,570	5,505
	9,305	9,123
Rental expenditures:		
Interest	7,357	7,201
Property Taxes	660	618
Utilities	379	325
Wages and salaries	161	151
Repairs and maintenance	355	257
Management fees	113	120
Insurance	47	46
Advertising	9	18
Inspection fees	12	31
Depreciation	56	50
Other	33	13
Equipment	1	
	9,183	8,830
Net rental income	122	293
Administration expenses:		
Salaries	90	88
Contract Work	25	28
Occupancy	15	15
Other	8	8
	138	139
Administration expenses capitalized (note 4)		(14)
	138	125
Excess of revenue over expenditures (expenditures over revenue)	$ (16)	$ 168

See accompanying notes to financial statements.

The City of Edmonton

Non-Profit Housing Corporation

Statements of Surplus (Deficit)

Year ended December 31, 1985 (with comparative figures for 1984)
(in thousands of dollars)

	1985	1984
Operating deficit, beginning of year	$ (146)	$ (106)
Excess of revenue over expenditures (expenditures over revenue)	(16)	168
Transfer from subsidy reserve	6	11
Transfer to replacement reserve	(219)	(219)
Refund to Canada Mortgage and Housing Corporation	(15)	
Operating deficit, end of year	$ (390)	$ (146)
Subsidy reserve, beginning of year	$ 38	$ 45
Transfer to operating deficit	(6)	(11)
Interest	4	4
Subsidy reserve, end of year	$ 36	$ 38
Replacement reserve, beginning of year	$ 631	$ 386
Transfer from operating deficit	219	219
Interest	59	43
Eligible expenditures	(43)	(17)
Refund to Canada Mortgage and Housing Corporation	(16)	
Replacement reserve, end of year	$ 850	$ 631

See accompanying notes to financial statements.

Statement of Changes in Financial Position

Year ended December 31, 1985 (with comparative figures for 1984)
(in thousands of dollars)

	1985	1984
FUNDS PROVIDED FROM:		
Operations:		
Excess of revenue over expenditures	$ (16)	$ 168
Add depreciation	56	50
Total funds provided from operations	40	218
Interest earned on reserve funds	63	47
Advance of additional mortgages and changes in current portion		2,751
Total funds provided	103	3,016
FUNDS APPLIED TO:		
Expenditures from replacement reserve	43	17
Repayment of mortgages	78	174
Refund to Canada Mortgage and Housing Corporation	31	
Increase in fixed assets	19	461
Total funds applied	171	652
Increase (decrease) in working capital	(68)	2,364
Working capital (deficiency), beginning of year	2,142	(222)
Working capital, end of year	$ 2,074	$ 2,142

See accompanying notes to financial statements.

Notes to Financial Statements

December 31, 1985

1. AUTHORITY AND ACTIVITY:

The Corporation was established for the purpose of providing non-profit housing for the citizens of The City of Edmonton. City Council authorized the establishment of the Corporation by approving Bylaw No. 5107 on September 8, 1977. The City of Edmonton is the sole shareholder of the Corporation.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

(a) **Fixed assets:**
Housing projects are valued at cost. Interest, property taxes and administration expenses incurred during construction are capitalized to the cost of the projects. Revenue generated from the project up to the interest adjustment date is netted against the cost of the project. The housing projects are depreciated at an amount equal to the principal repayment on related mortgages.

Purchases of office equipment are charged to operations in the year of purchase and gross proceeds on any disposals are recorded as revenue.

(b) **Operating assistance:**
Operating assistance is a subsidy provided by Canada Mortgage and Housing Corporation and Alberta Home Mortgage Corporation to the operating projects to reduce project costs and rentals.

(c) **Reserves:**
The replacement reserves are required to be set up pursuant to the Corporation's agreements with Canada Mortgage and Housing Corporation and Alberta Home Mortgage Corporation. The replacement reserves are increased based on specific calculations for the related project and will be used for capital replacement for the project.

The subsidy reserves may be established and increased by the net surplus on a project to a maximum of $500 per rental unit. They will be used in the event of future operating assistance shortfalls for the project.

In addition to transfers from operating deficit, the subsidy and replacement reserves were credited with interest earned during the year on the reserves' funds.

(d) **Comparative figures:**
Certain of the 1984 figures have been reclassified to conform with the 1985 presentation.

3. HOUSING PROJECTS:

	1985	1984
Completed Projects:		
Land costs	$ 8,516,251	$ 8,516,251
Construction costs	38,661,914	38,647,472
	47,178,165	47,163,723
Pre-development costs	45,780	41,595
Total Housing Projects	$47,223,945	$47,205,318
Number of units:		
Completed	875	875

4. CAPITALIZED CONSTRUCTION COSTS:

The Corporation has capitalized the following costs incurred during construction of projects:

	1985	1984
Administration	$	$ 13,893
Interest	4,186	101,745
Property taxes		9,696

5. THE CITY OF EDMONTON LOAN:

The Corporation has received a loan of $2,500,000 from The City of Edmonton from funds generated by the Municipal Incentive Grant Program. Interest is charged at the City's short-term investment rate.

Notes to Financial Statements — continued

6. MORTGAGES PAYABLE:

The mortgages payable, secured by the housing projects, are payable to the Alberta Home Mortgage Corporation. Details of the mortgages payable are as follows:

Project	Monthly payment including interest	Interest rate (%)	Mortgage renewal date	Balance oustanding December 31, 1985, including accrued interest
Elm Park Place	$15,397	12¾	Jan. 1, 1986	$ 1,465,580
Vermillion Place	10,744	13¾	May 1, 1986	952,137
Barclay Square	45,159	13¾	July 1, 1986	4,028,613
McCauley	52,718	15½	Aug. 1, 1986	4,236,102
Primrose Place	36,122	15½	Aug. 1, 1986	2,891,262
Castle Brae	32,513	15½	Sept. 1, 1986	2,604,388
Mission Glen	27,742	15½	Sept. 1, 1986	2,222,050
Riverdale	20,989	19¾	July 1, 1987	1,345,407
Castle Close	30,309	18	Sept. 1, 1987	2,118,522
Kameyosek	53,081	18	Nov. 1, 1987	3,709,654
North Callingwood	43,504	18	Nov. 1, 1987	3,040,130
Boyle St. II	56,505	19¾	Jan. 1, 1988	3,610,469
Boyle St. III	62,934	21¼	Jan. 1, 1988	3,755,615
King Edward I	28,589	14¼	July 1, 1988	2,480,209
King Edward II	13,199	14¼	July 1, 1988	1,141,939
Point West	49,766	13¾	Oct. 1, 1988	4,462,266
Lago Lindo	24,919	13½	Nov. 1, 1988	2,269,841
Willowdale	28,967	13½	May 1, 1989	2,643,293
				48,977,477
Less current portion				2,822,686
				$46,154,791

The approximate repayment of principal over the next five years is as follows:

1986	$ 77,120
1987	89,440
1988	103,770
1989	120,470
1990	139,910

7. SUBSEQUENT EVENT:

Canada Mortgage and Housing Corporation (CMHC) has approached the Corporation to amend agreements relating to certain projects financed by CMHC. The proposed amendments would affect the deficit and reserve accounts. The Board of Directors has not yet approved the amendments. If the amendments are approved, the changes will be reflected in the Corporation's 1986 financial statements.

The Edmonton Research and Development Park Authority

Auditors' Report

To the Authority Board Members

We have examined the balance sheet of The Edmonton Research and Development Park Authority as at December 31, 1985 and the statements of operations and deficit and changes in Due from The City of Edmonton for the year then ended. Our examination was made in accordance with generally accepted auditing standards, and accordingly included such tests and other procedures as we considered necessary in the circumstances.

In our opinion, these financial statements present fairly the financial position of the Authority as at December 31, 1985 and the results of its operations and the changes in Due from The City of Edmonton for the year then ended in accordance with generally accepted accounting principles applied on a basis consistent with that of the preceding year.

Edmonton, Canada
March 12, 1986

Peat, Marwick, Mitchell & Co.
Chartered Accountants

Balance Sheet

December 31, 1985 (with comparative figures for 1984)
(in thousands of dollars)

	1985	1984
ASSETS		
Accounts receivable	$ 57	$ 74
Due from The City of Edmonton	21,176	20,940
Land held for resale (note 3)	12,498	12,359
Rental property (note 4)	2,730	2,881
Construction in progress	89	
	$36,550	$36,254
LIABILITIES AND DEFICIT		
Accrued liabilities	$ 906	$ 950
Deposits	10	
Loan payable (note 5)	4,506	4,507
Debentures payable (note 6)	31,346	31,512
Total Liabilities	36,768	36,969
Deficit	218	715
	$36,550	$36,254

See accompanying notes to financial statements.

The Edmonton Research and Development Park Authority

Statement of Operations and Deficit

Year ended December 31, 1985 (with comparative figures for 1984)
(in thousands of dollars)

	1985	1984
REVENUE:		
Proceeds from sale of land	$	$ 197
Less cost of land		191
Gain on sale		6
Research I rental	166	30
Interest	2,318	
	2,484	36
EXPENSES:		
Marketing and administration:		
Salaries and benefits	143	99
Office rent and parking	29	32
Furnishings and equipment	23	23
Consultants and service contracts	17	31
Legal, auditing and financial services	10	19
Supplies, postage and courier	8	9
Board	7	12
Marketing and promotion	20	9
Advertising and brochures	14	1
Travel and training	6	6
Miscellaneous	1	1
	278	242
Research Park operations:		
Grounds maintenance	46	21
Building maintenance	14	
Building utilities	9	17
Snow removal	3	7
	72	45
Interest	3,462	
Depreciation	278	
	4,090	287
Excess of expenses over revenue	1,606	251
Deficit, beginning of year	715	464
Funding from The City of Edmonton	(2,103)	
Deficit, end of year	$ 218	$ 715

See accompanying notes to financial statements.

Statement of Changes in Due from The City of Edmonton

Year ended December 31, 1985 (with comparative figures for 1984)
(in thousands of dollars)

	1985	1984
FUNDS PROVIDED:		
Funding of prior years' deficit by The City of Edmonton	$ 715	$
Funding of current operations by The City of Edmonton	1,388	
Increase in accrued liabilities		573
Proceeds from debenture payable		20,122
Decrease in prepaid expenses		1
Decrease in accounts receivable	17	
Increase in deposits	10	
Total funds provided	2,130	20,696
FUNDS APPLIED:		
To operations:		
Excess of expenses over revenues	1,606	251
Deduct: Depreciation	278	
Cost of land sold		191
Funds applied to operations	1,328	60
Additions to rental property	127	1,057
Capitalization of interest on land held for resale		999
Improvements and services to land held for resale	139	72
Construction in progress	89	
Repayment of loan payable		67
Repayment of debentures payable	166	43
Increase in accounts receivable		63
Decrease in accrued liabilities	45	
Total funds applied	1,894	2,361
Increase (decrease) in Due from The City of Edmonton	236	18,335
Due from The City of Edmonton beginning of year	20,940	2,605
Due from The City of Edmonton, end of year	$21,176	$20,940

See accompanying notes to financial statements.

Notes to Financial Statements

December 31, 1985

1. AUTHORITY AND ACTIVITY:

On April 25, 1979, The City of Edmonton authorized the development of The Edmonton Research and Development Park including provisions for servicing the lands. On May 22, 1980, the Provincial Government proclaimed Bill PR2, The Edmonton Research and Development Park Authority Act, which created The Edmonton Research and Development Park Authority ("the Authority") as a Body Corporate. The Authority was established for the purpose of acquiring, planning, developing and servicing lands designated for Research and Development Park use.

On October 29, 1980, City Council authorized the Commission Board to execute the Operating Agreement between The City of Edmonton and the Authority. The Authority is operating as a separate entity within The City of Edmonton.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

(a) Balance sheet:
The Authority, as a real estate developer, has not classified its balance sheet as to current and non-current assets and liabilities. This is consistent with the recommendation of the Canadian Institute of Public Real Estate Companies.

(b) Land held for resale:
The interest on debentures issued, net of interest revenue on amount due from The City of Edmonton, was capitalized to land held for resale until 1984 when the resulting cost approximated the net realizable value of the land. In 1985, interest expense on debentures and interest revenue are operating items.

(c) Rental properties:
Depreciation on buildings and tenant improvements, which commenced January 1, 1985, is provided on the straight-line basis at the following rates:

Buildings	25 years
Tenant improvements	5 years

3. LAND HELD FOR RESALE:

The City of Edmonton holds title to the lands in trust. However, under the Operating Agreement the Authority has the right to request The City to convey title to the Authority or to a purchaser designated by the Authority.

	1985	1984
Land, at cost	$ 7,525,582	$ 7,525,582
Land services & improvements, at cost	4,972,518	4,833,409
	$12,498,100	$12,358,991

The appraised value of the land held for resale was $10,420,000 in October, 1985.

4. RENTAL PROPERTY:

The Authority owns a multi-tenant building in which it leases space.

	1985	1984
Buildings, at cost	$1,487,996	$1,487,996
Tenant improvements, at cost	1,092,105	1,016,586
	2,580,101	2,504,582
Accumulated depreciation	277,940	
	2,302,161	2,504,582
Land, at cost	428,113	376,666
	$2,730,274	$2,881,248

Notes to Financial Statements — continued

December 31, 1985

5. LOAN PAYABLE:

On December 11, 1980, Alberta Housing Corporation agreed to lend The City of Edmonton funds to a maximum amount of $5,000,000 to be used for local improvements required in connection with the development of a Research Park.

The loan is due and payable on December 12, 1990, and will bear interest at a per diem market interest rate. Until such time, The City of Edmonton will repay the loan on sale, lease, or other disposition of the lands with no interest charged on the amount advanced. There were no repayments in 1985 (1984 — $67,317) as there were no land sales.

Under the terms of the Agreement, title to the Authority's lands has been encumbered to protect the interests of Alberta Housing Corporation.

6. DEBENTURES PAYABLE TO ALBERTA MUNICIPAL FINANCING CORPORATION:

In 1981, debentures for $5,500,000 at 18.125% and $6,000,000 at 19.0% issued by The City of Edmonton were allocated to the Authority. The debentures are repayable in equal annual instalments of principal and interest of $2,167,535 through 2006.

In 1984, additional debentures for $122,363 at 13.75% and $20,000,000 at 13.75% issued by The City of Edmonton were allocated to the Authority. These debentures are payable in equal annual instalments of principal and interest of $2,881,876 through 2009.

The debentures are eligible for the Alberta Government interest rebate which reduces the effective interest rate to 11% per year. The payments below reflect the effect of the rebate.

The payments required over the next five years are as follows:

Year	Principal	Interest	Total
1986	$191,436	$3,448,074	$3,639,510
1987	220,670	3,427,016	3,647,686
1988	254,465	3,402,742	3,657,207
1989	293,550	3,374,751	3,668,301
1990	338,770	3,342,461	3,681,231

7. Certain of the 1984 figures have been reclassified to conform with the 1985 presentation.

The Edmonton Ambulance Authority

Auditors' Report

To the Chairman and the Members of the
Board of Directors of The Edmonton
Ambulance Authority

We have examined the balance sheet of The Edmonton Ambulance Authority as at December 31, 1985 and the statement of revenue and expenditures for the year then ended. Our examination was made in accordance with generally accepted auditing standards, and accordingly included such tests and other procedures as we considered necessary in the circumstances.

In our opinion, these financial statements present fairly the financial position of the Authority as at December 31, 1985 and the results of its operations for the year then ended in accordance with generally accepted accounting principles for non-profit organizations applied on a basis consistent with that of the preceding year.

Edmonton, Alberta
March 10, 1986

Barry, Watson & Partners
Chartered Accountants

Balance Sheet

December 31, 1985
(in thousands of dollars)

	1985	1984
ASSETS		
Current Assets		
Cash	$	$ 11
Accounts receivable, net of allowance for doubtful accounts	691	647
Inventory (note 2)	40	50
Prepaid expenses	23	63
Due from The City of Edmonton (note 3)	210	265
Total current assets	964	1,036
Fixed assets (note 4)	729	747
Total assets	$1,693	$1,783
LIABILITIES AND SURPLUS		
Current Liabilities		
Bank overdraft	$ 51	$
Accounts payable	455	392
Current portion of long-term debt (note 5)	386	289
Total current liabilities	892	681
Long-term debt (note 5)	782	1,056
Total liabilities	1,674	1,737
Contributed surplus (note 6)	19	46
Total liabilities and surplus	$1,693	$1,783
Contingent liabilities (note 7)		

The City of Edmonton

The Edmonton Ambulance Authority

Statement of Revenue and Expenditures

For the Year Ended December 31, 1985
(in thousands of dollars)

	1985	1984
REVENUE		
Ambulance services	$4,411	$4,157
Miscellaneous	12	19
	4,423	4,176
EXPENDITURES		
Labour, salaries and employee benefits	4,133	3,830
Vehicle, plant and equipment	621	568
Communications	194	207
Ambulance services	233	186
Administrative services	91	79
Debenture servicing costs	130	107
Strike	63	
Capital equipment	70	12
	5,535	4,989
Excess of expenditures over revenue before other items	1,112	813
Other items		
Depreciation and amortization	$ 339	$ 526
Amortization of contributed surplus	(28)	(46)
	311	480
Deficit before The City of Edmonton subsidy	1,423	1,293
The City of Edmonton subsidy	1,423	1,293
GENERAL SURPLUS	$	$

Notes to Financial Statements

December 31, 1985

The Edmonton Ambulance Authority began operations on July 1, 1981 to provide ambulance and pre-hospital medical services to the residents of The City of Edmonton. The initial assets were acquired from Smith's Ambulance (1962) Ltd.

1. SIGNIFICANT ACCOUNTING POLICIES:

a) **Fixed assets**
Assets acquired on the purchase from Smith's Ambulance (1962) Ltd. are depreciated on a straight-line basis over a period of five years.

Automotive and ambulance equipment acquired subsequently are depreciated over the same amortization period as the long-term debt which they secure.

Office furnishings, computers, training and communication equipment are expensed in the year of acquisition.

Disposals of fixed assets are accounted for by reducing the cost base of the remaining assets by the amount of proceeds received.

b) **Inventory**
Inventory is valued at the lower of cost and net realizable value.

c) **Contributed surplus — general**
Assets acquired through grants or contributions are recorded at their full cost with a corresponding increase to contributed surplus. These assets are depreciated on the same basis as similar automotive and ambulance equipment. The offsetting contributed surplus is amortized to income using the same basis as the donated assets are depreciated.

Contributed surplus presently has been accounted for as follows:

In conjunction with the acquisition of Smith's Ambulance (1962) Ltd., The City of Edmonton contributed $200,000 intended to fund $100,000 of goodwill and $100,000 of equipment purchases. Goodwill was amortized over three years and the equipment over five years.

The Northern and Central Alberta Perinatal Program contributed one Neonatal Ambulance costing $60,000, which was amortized over three years. The vehicle was completely amortized in 1984.

The Downtown Lions Club of Edmonton contributed $31,775 to fund a 1982 equipment purchase which is being amortized over five years. The Lions Club of Jasper Place contributed $7,385 to fund a 1984 equipment purchase which is being amortized over five years.

d) **Contributions of The City of Edmonton**
The City of Edmonton 1985 budgeted contribution was $1,743,000. The actual contribution is $1,423,463 which is the amount equal to the excess of expenditures over revenue for the 1985 year.

e) **Statement of Changes in Financial Position**
A Statement of Changes in Financial Position has not been provided as it would not provide additional meaningful information. This is consistent with prior years.

2. INVENTORY

	1985	1984
Medical supplies	$16,466	$22,875
Vehicle parts and supplies	23,520	26,889
	$39,986	$49,764

3. DUE FROM THE CITY OF EDMONTON

	1985	1984
Due (to) from The City of Edmonton, at beginning of year	$ 265,376	$ (805,646)
Expenditures, transfers	(1,478,525)	(965,364)
Debenture funding		744,000
Deficit before subsidy	1,423,463	1,292,386
Due from The City of Edmonton at end of year	$ 210,314	$ 265,376

Notes to Financial Statements — continued

December 31, 1985

4. FIXED ASSETS

	1985			1984
	Cost	Accumulated Depreciation	Net	Net
Automotive and ambulance equipment	$1,904,909	$1,175,378	$ 729,531	$ 747,675

5. LONG-TERM DEBT

	1985	1984
Non interest loan, payable $56,036 per year principal, due December, 1987	$ 112,072	$
16% debenture, payable $175,400 per year principal and interest, due May, 1987	429,952	601,548
12¾% debenture, payable $70,800 per year, principal and interest, due December, 1989	298,690	354,000
11½% debenture, payable $78,000 per year, principal and interest, due March, 1989	327,997	390,000
	1,168,711	1,345,548
Less principal amount due within one year	386,375	288,909
	$ 782,336	$1,056,639

Approximate principal repayments within each of the next four years are as follows:

1986	$ 386,375
1987	433,865
1988	164,437
1989	184,034
	$1,168,711

6. CONTRIBUTED SURPLUS

	1985			1984
	Cost	Accumulated Amortization	Net	Net
Purchase of Smith's Ambulance (1962) Ltd. Equipment	$100,000	$100,000	$	$ 20,000
Equipment	39,160	20,542	18,618	26,450
	$139,160	$120,542	$ 18,618	$ 46,450

7. CONTINGENT LIABILITIES

The Authority is committed to leases for premises and equipment. Annual rental amounts and expiry dates are as follows:

	Rental Amounts	Expiry
Premises	$152,808	March, 1993
Equipment	6,323	September, 1986 and December, 1989
	$159,131	

Auditors' Report

To the Members of
The Edmonton Convention Centre Authority

We have examined the balance sheet of The Edmonton Convention Centre Authority as at December 31, 1985 and the statements of operations and The City of Edmonton funding and changes in The City of Edmonton advance for the year then ended. Our examination was made in accordance with generally accepted auditing standards, and accordingly included such tests and other procedures as we considered necessary in the circumstances.

In our opinion, these financial statements present fairly the financial position of the Authority as at December 31, 1985 and the results of its operations and the changes in The City of Edmonton advance for the year then ended in accordance with generally accepted accounting principles applied on a basis consistent with that of the preceding year.

Edmonton, Canada
February 28, 1986

Peat, Marwick, Mitchell & Co.
Chartered Accountants

Balance Sheet

December 31, 1985 (with comparative figures for 1984)
(in thousands of dollars)

	1985	1984
ASSETS		
Current assets:		
Accounts receivable (note 3)	$ 848	$ 451
Inventories	129	144
Prepaid expenses	39	39
Total current assets	1,016	634
Leasehold improvements, at cost	252	247
Accumulated amortization	98	37
	154	210
	1,170	844
LIABILITIES		
Current liabilities:		
Outstanding cheques less cash balance	96	25
Accounts payable and accrued liabilities	100	155
Salaries and benefits payable	255	223
Deposits (note 4)	42	34
The City of Edmonton advance (note 5)	644	341
Current portion of note payable (note 5)	33	33
Total current liabilities	1,170	811
Note payable (note 5)		33
Commitments and contingent liability (note 6)		
	$ 1,170	$ 844

See accompanying notes to financial statements.

Statement of Operations and The City of Edmonton Funding

for the year ended December 31, 1985 (with comparative figures for 1984)
(in thousands of dollars)

	1985				1984
	Restaurants & Lounges	Banquets	Events & Services	Total	Total
Revenue	$ 770	$3,180	$ 901	$4,851	$4,653
Cost of sales	266	1,034		1,300	1,319
Gross margin	504	2,146	901	3,551	3,334
Direct operating expenses:					
Salaries, wages and benefits	392	1,203	343	1,938	1,932
Laundry and linen	15	95	5	115	97
Supplies	21	207	34	262	186
General and administration	19	16	4	39	40
Utilities and telephone	12			12	53
Advertising and promotion	62			62	93
Janitorial			110	110	94
Entertainment	108	40		148	148
Repairs and maintenance	1		1	2	23
Storage			12	12	13
Restaurant renovations	27			27	
Miscellaneous	5			5	3
Direct operating expenses	662	1,561	509	2,732	2,682
	$ (158)	$ 585	$ 392	819	652
Other (income) expense:					
General administration expense				1,026	1,030
Maintenance expense				1,119	980
Marketing and sales expense				479	403
Miscellaneous revenue				(140)	(70)
				2,484	2,343
Excess of expenses over revenue				$1,665	$1,691
Funding from The City of Edmonton (note 5)				$1,665	$1,691

See accompanying notes to financial statements

Statement of Changes in The City of Edmonton Advance

for the year ended December 31, 1985 (with comparative figures for 1984)
(in thousands of dollars)

	1985	1984
FUNDS PROVIDED:		
Funding from The City of Edmonton	$1,665	$1,691
Note payable		100
Total funds provided	1,665	1,791
FUNDS APPLIED:		
Operations:		
Excess of expenses over revenue	1,665	1,691
Expense not requiring an outlay of funds:		
Amortization	(59)	(36)
Fixed assets written off	(4)	
Funds applied to operations	1,602	1,655
Capital expenditures	6	138
Repayment of note payable	34	34
Increase in working capital items (note 7)	326	264
Total funds applied	1,968	2,091
Increase in The City of Edmonton advance	303	300
The City of Edmonton advance, beginning of period	341	41
The City of Edmonton advance, end of period	$ 644	$ 341

See accompanying notes to financial statements.

Notes to Financial Statements

December 31, 1985

1. AUTHORITY AND ACTIVITY:

On October 24, 1978, The City of Edmonton authorized the creation of the Edmonton Convention Centre Authority ("the Authority"). The Government of the Province of Alberta proclaimed Bills PR3 and PR14, which created the Authority as a Body Corporate. The Authority was established to develop, maintain, manage and operate a trade and convention centre for The City of Edmonton.

The facility was constructed by The City of Edmonton. The land, building and original equipment are owned by The City of Edmonton.

The City of Edmonton and the Authority entered into a five year Interim Operating Agreement effective June 30, 1982. Operations commenced on May 15, 1983.

2. SIGNIFICANT ACCOUNTING POLICIES:

Inventories:
Inventories of food, beverage and operating supplies are stated at the lower of cost and replacement cost.

Leasehold improvements:
Leasehold improvements relate to the pedway area which is occupied by the Authority's offices and retail tenants. Amortization is provided on the straight-line method over five years commencing from the date of occupancy for Authority offices and over the lease term for retail tenants.

3. ACCOUNTS RECEIVABLE:

	1985	1984
Trade accounts receivable	$750,528	$424,833
Allowance for doubtful accounts	18,073	15,793
	732,455	409,040
Other	115,122	41,956
	$847,577	$450,996

4. DEPOSITS:

Customer deposits	$ 40,822	$ 26,485
Tenant deposits	1,294	7,716
	$ 42,116	$ 34,201

Notes to Financial Statements — continued

December 31, 1985

5. TRANSACTIONS WITH THE CITY OF EDMONTON:

The City of Edmonton funds an amount equal to the excess of expenses over revenue for the year.

On February 9, 1984, the Authority entered into an agreement with The City of Edmonton to borrow $100,000 to finance the conversion of pedway retail space to office space. Repayment of this loan is in three instalments due December 31, 1984, January 2, 1985 and January 2, 1986, with interest to be charged at The City of Edmonton's preferred rate commencing January 2, 1985 on the remaining balance.

6. COMMITMENTS AND CONTINGENT LIABILITY:

The Authority's commitments are operating leases for storage space and a data processor. The Authority's commitments under the remaining terms of these leases of $22,337 are payable as follows:

1986	$10,849
1987	8,974
1988	2,514

The Authority is involved in various matters of litigation regarding one retail tenant and the dismissal of two former employees. It is management's estimate that any potential losses resulting from these claims will not be material.

7. INCREASE IN WORKING CAPITAL ITEMS:

	1985	1984
Total current assets	$1,016,232	$ 634,665
Current liabilities:		
Outstanding cheques less cash balance	96,297	25,329
Accounts payable and accrued liabilities	100,023	155,410
Salaries and benefits payable	254,651	222,926
Deposits	42,116	34,201
Net working capital items	523,145	$ 196,799
Increase in working capital items	$ 326,346	

8. 1984 COMPARATIVE FIGURES:

Certain of the 1984 figures have been reclassified to conform to the 1985 presentation.

9. SUBSEQUENT EVENT:

On February 26, 1986 the Council of The City of Edmonton approved in principle the transfer of the responsibility for managing and financing the operations of the Edmonton Convention Centre to Edmonton Northlands.

The Edmonton Economic Development Authority

Auditors' Report

To the Chairman and the Members of the
Edmonton Economic Development Authority:

We have examined the balance sheet of the Edmonton Economic Development Authority as at December 31, 1985 and the statement of funds provided and expenditures for the year then ended. Our examination was made in accordance with generally accepted auditing standards, and accordingly included such tests and other procedures as we considered necessary in the circumstances.

In our opinion, these financial statements present fairly the financial position of the Authority as at December 31, 1985 and the funds provided and expenditures of the Authority for the year then ended in accordance with generally accepted accounting principles for municipal organizations applied on a basis consistent with the prior year.

Edmonton, Alberta
February 20, 1986

Price Waterhouse
Chartered Accountants

Balance Sheet

(in thousands of dollars)

	December 31	
	1985	1984
ASSET		
Amount due from the City of Edmonton	$158	$101
LIABILITIES		
Cheques issued in excess of bank balance	$124	$ 96
Accounts payable	34	5
	$158	$101

The Edmonton Economic Development Authority

Statement of Funds Provided and Expenditures

(in thousands of dollars)

	Year ended December 31	
	1985	1984
Funds provided by the City of Edmonton	$1,186	$1,202
Expenditures:		
Salaries	547	613
Honoraria	12	
Labour	7	7
Labour overheads	59	55
Printing, postage and stationery	210	221
Advertising	221	177
Space rent and maintenance	100	79
Promotion	28	26
Transportation	14	16
Travel and training	52	43
Furniture and equipment	49	21
Utilities	15	17
Computer services	1	6
Miscellaneous, freight and delivery	31	27
Sale of brochures	(2)	(5)
	1,344	1,303
Funds to be provided by the City of Edmonton	$ 158	$ 101

Notes to the Financial Statements

December 31, 1985

1. AUTHORITY:

The Edmonton Economic Development Authority ("the Authority") was created by the Edmonton Economic Development Authority Act, a Private Act of the Legislature of the Province of Alberta, in April, 1982. The City of Edmonton provides the Authority with funds which, in the opinion of the Council of the City, are necessary for the operation of the Authority.

2. ACCOUNTING PRINCIPLES:

The financial statements have been prepared in accordance with generally accepted accounting principles for municipal organizations.

Purchases of office equipment are included as expenditures in the year of purchase and proceeds on disposals are recorded as a reduction of expenditures.

Auditors' Report

To the Board of Directors of
The Edmonton Convention and Tourism Authority

We have examined the combined balance sheet of the Edmonton Convention and Tourism Authority as at December 31, 1985 and the combined statements of operations, deficit and equity and changes in financial position for the year then ended. Our examination was made in accordance with generally accepted auditing standards, and accordingly included such tests and other procedures as we considered necessary in the circumstances.

In our opinion, these combined financial statements present fairly the financial position of the Authority as at December 31, 1985 and the results of its operations and the changes in its financial position for the year then ended in accordance with generally accepted accounting principles, applied on a basis consistent with that of the preceding year.

Edmonton, Alberta
March 4, 1986

Kingston Ross
Chartered Accountants

Combined Balance Sheet

December 31, 1985
(in thousands of dollars)

	1985	(Restated) 1984 (Note 5)
ASSETS		
Current assets		
Cash	$ 43	$ 21
Accounts receivable (Note 2)	46	34
Advance receivable		20
Prepaid expenses	58	26
	147	101
Fixed assets (Note 3)	51	49
	$ 198	$ 150
LIABILITIES AND DEFICIT		
Current liabilities		
Accounts payable	$ 197	$ 91
Deferred membership revenue	21	28
Deferred revenue — Two for One Promotion	16	
	234	119
Commitments (Note 4)		
Equity (deficit)	(36)	31
	$ 198	$ 150

The City of Edmonton

Edmonton Convention and Tourism Authority

Combined Statement of Operations

Year ended December 31, 1985
(in thousands of dollars)

	1985	1984
REVENUE		
Grants — City of Edmonton	$ 727	$ 648
Incentive programs — Province of Alberta	83	68
Memberships	61	59
Co-operative programs, services and sales	184	135
Convention Bureau		59
Interest	9	8
Spirit of Edmonton — Grey Cup Committee	41	
Lottery ticket sales	66	
	1,171	977
EXPENSES		
Salaries and benefits — Permanent	314	291
— Seasonal	106	71
Premises	71	60
Administrative	113	114
Marketing	569	506
Spirit of Edmonton — Grey Cup Committee	48	
	1,221	1,042
OPERATIONS DEFICIT	$ 50	$ 65

Combined Statement of Changes in Financial Position

Year ended December 31, 1985
(in thousands of dollars)

	1985	(Restated) 1984 (Note 5)
Uses of working capital		
Operations deficit	$ 50	$ 65
Purchase of fixed assets	19	47
Decrease in working capital	69	112
(Working capital) deficiency, beginning of year	18	(94)
Working capital deficiency, end of year	$ 87	$ 18
Working capital (deficiency) is represented by:		
Current liabilities	$ 234	$ 119
Current assets	147	101
	$ 87	$ 18

Combined Statement of Deficit and Equity

Year ended December 31, 1985
(in thousands of dollars)

	Operations	1985 Capital	Total	1984 Total
Equity (deficit), beginning of year				
As previously reported	$(31)	$ 49	$ 18	$ 95
Adjustment of prior years' prepaid expenses (Note 5)	13		13	13
As restated	(18)	49	31	108
Add:				
Operations deficit	(50)		(50)	(65)
Capital appropriations from operations		18	18	47
	(68)	67	(1)	90
Deduct:				
Capital expenditures	18		18	47
Depreciation		17	17	12
Equity (deficit), end of year	$(86)	$ 50	$(36)	$ 31

Notes to the Combined Financial Statements

December 31, 1985

1. SIGNIFICANT ACCOUNTING POLICIES

Basis of Presentation
These financial statements include the combined operations of the Edmonton Convention and Tourism Authority and The Spirit of Edmonton — Grey Cup Committee as the Authority controls and is responsible for the operations of this committee.

Rendez-Vous Canada 1985, a project in which the Authority was directly involved but did not control, is included in these financial statements only to the extent of the funds advanced to the project by the Authority. A schedule summarizing the operating results of the Rendez-Vous Canada 1985 project, is contained in Schedule 1 of these financial statements.

Fixed Assets
(i) Fixed assets purchased are recorded at cost. The Authority provides depreciation and amortization on its fixed assets and allocates these charges directly to equity using the following methods and rates:

	Method	Rate
Furniture and fixtures	Straight line	20%
Leasehold improvements	Straight line	Term of lease

(ii) Fixed assets donated are recorded in the accounts at the nominal value of $1.

Deferred Membership Revenue
Deferred membership revenue includes both revenue billed in advance and current billings for prospective members.

2. ACCOUNTS RECEIVABLE

	1985	1984
Membership	$20,767	$27,574
Co-operative programs	15,800	5,831
Other	9,256	
	$45,823	$33,405

Notes to Financial Statements — continued

3. FIXED ASSETS

	1985			1984
	Cost	Accumulated Depreciation and Amortization	Net Book Value	Net Book Value
Furniture and fixtures	$34,823	$13,078	$21,745	$13,819
Leasehold improvements	46,848	18,166	28,682	35,192
	$81,671	$31,244	$50,427	$49,011

Depreciation provided for in current year totalled $16,778; (1984 — $12,253).

4. COMMITMENTS

Lease Commitments

The Authority leases its administrative office premises and downtown Visitor Information Centre from the Convention Centre Authority in the Edmonton Convention Centre. The Authority also leases space from the Government of Canada at the Edmonton International Airport. Annual rentals under agreements presently outstanding are as follows:

1986	$ 37,674
1987	37,674
1988	37,674
1989	9,355
1990	224
	$122,601

5. PRIOR PERIOD ADJUSTMENT

In order to correct the recording of prepaid expenses applicable to the years 1983 and 1984, the balance of equity as at January 1, 1984 has been adjusted by the cumulative amount by which prepaid expenses, as at that date has been increased; $12,471.

6. COMPARATIVE FIGURES

Certain of the prior years' comparative figures have been reclassified to conform to current year's disclosure.

Schedule of Rendez-Vous Canada 1985 Revenue and Expense

(a project of The Edmonton Convention And Tourism Authority)

Period Ended December 31, 1985
(in thousands of dollars)

SCHEDULE 1

REVENUE	
Government of Canada	$ 25
Province of Alberta — 1984	20
Province of Alberta — 1985	30
Northwest Territories — 1984	10
Northwest Territories — 1985	15
Yukon — 1984	15
Yukon — 1985	15
Edmonton Convention and Tourism Authority — 1984	20
Edmonton Convention and Tourism Authority — 1985	30
Miscellaneous	3
	183
EXPENSES	
Rendez-Vous Canada — Ottawa 1984	
Edmonton Host Night	55
Audio Visual	40
	95
Rendez-Vous Canada — Edmonton 1985	
Welcome Function — April 28	10
Host Night — April 29	61
Promotional Lunch — May 1	2
Presentation Item	4
Media Reception	2
City Bus Transfers	7
Pre- and Post-Convention Tours	2
	88
OPERATIONS SURPLUS	$ —

Note: Rendez-Vous Canada 1985 is a project which commenced January 1984 and was completed in 1985. The project's operations were conducted in accordance with the financial standing orders and general operating principles of the Edmonton Convention and Tourism Authority.

E A R N I N G S

E A R N I N G S

The City of Edmonton

Special Funds Financial Statements

E A R N I N G S

E A R N I N G S

E A R N I N G S

Fire department.

Fire Engine #4, 1921;

Central fire communications console, 1985.

The Sinking Fund of The City of Edmonton

Auditors' Report

To His Worship the Mayor and Council
The City of Edmonton

We have examined the balance sheet of The Sinking Fund of The City of Edmonton as at December 31, 1985 and the statement of earnings and unappropriated surplus and changes in financial position for the year then ended. Our examination was made in accordance with generally accepted auditing standards, and accordingly included such tests and other procedures as we considered necessary in the circumstances.

In our opinion, these financial statements present fairly the financial position of The Sinking Fund of The City of Edmonton as at December 31, 1985 and the results of its operations and the changes in its financial position for the year then ended in accordance with generally accepted accounting principles applied on a basis consistent with that of the preceding year.

Edmonton, Canada
March 14, 1986

Peat, Marwick, Mitchell & Co.
Chartered Accountants

Balance Sheet

December 31, 1985 (with comparative figures for 1984)
(in thousands of dollars)

	1985	1984
ASSETS		
Cash	$ 1	$ 4
Accrued interest on investments	1,137	738
Due from The City of Edmonton	8	5
Short-term investments — at cost:		
The City of Edmonton	3,075	1,865
Commercial paper	38,630	30,964
	42,851	33,576
Deferred foreign exchange loss	675	359
Bonds and debentures — at amortized cost (note 2)	10,121	7,375
	$53,647	$41,310
LIABILITIES, RESERVES AND SURPLUS		
Accounts payable	$ 4	$ 2
Reserve for debt retirement:		
9¼% Series U due September 1, 1990	3,450	3,134
9¼% Series W due December 15, 1990	2,641	2,060
8¾% Series Y due August 4, 1991	2,420	2,187
8½% Series AA due May 15, 1992	3,867	3,475
8 % Series AB due June 15, 1992	3,851	3,461
12¼% Series DB due March 15, 1993	8,189	3,976
9 % Series CB due March 1, 1994	456	
12¼% Series EB due June 14, 2003	2,893	1,404
Allowance for exchange costs at maturity	1,534	1,113
Total funds required to be provided	29,301	20,810
Unappropriated surplus	24,342	20,498
	$53,647	$41,310

See accompanying notes to financial statements.

The Sinking Fund of The City of Edmonton

Statement of Changes in Financial Position

Year ended December 31, 1985 (with comparative figures for 1984)
(in thousands of dollars)

	1985	1984
FUNDS PROVIDED FROM:		
Operations:		
Net earnings	$ 5,252	$ 4,497
Gain on foreign currency translation	(162)	(79)
Gain on sale of securities	(342)	(420)
Amortization of discounts and premiums	(121)	(149)
	4,627	3,849
Proceeds from sale and maturity of bonds and debentures:		
Government of Canada		2,200
Provinces of Canada	248	
The City of Edmonton	2,375	2,261
	2,623	4,461
Payments received from The City of Edmonton	6,768	6,331
	14,018	14,641
FUNDS APPLIED TO:		
Purchases of bonds and debentures:		
The City of Edmonton	4,745	2,708
Increase in working capital	9,273	11,933
	$14,018	$14,641
Changes in working capital:		
Increase in current assets	$ 9,275	$11,542
Increase (decrease) in current liabilities	2	(391)
Increase in working capital	$ 9,273	$11,933

See accompanying notes to financial statements.

The Sinking Fund of The City of Edmonton

Statement of Earnings and Unappropriated Surplus

Year ended December 31, 1985 (with comparative figures for 1984)
(in thousands of dollars)

	1985	1984
Interest earnings	$ 4,627	$ 3,849
Amortization of discounts and premiums — net	121	149
Gain on sale of securities	342	420
Gain on foreign currency translation	162	79
Net earnings	5,252	4,497
Amortization of deferred foreign exchange loss (note 1)	(105)	
	5,147	4,497
Appropriation of required earnings on sinking funds	1,303	870
Unappropriated earnings for the year	3,844	3,627
Unappropriated surplus, beginning of year	20,498	16,871
Unappropriated surplus, end of year	$24,342	$20,498

See accompanying notes to financial statements.

Notes to Financial Statements

December 31, 1985

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

The City of Edmonton makes annual payments into the Sinking Fund as required by each debenture issue. These funds are invested by the Sinking Fund in securities approved in the Municipal Government Act. The annual rate of return required by the issue is allocated to meet the future debt requirements. Earnings in excess of those required are maintained within the fund as unappropriated surplus.

This unappropriated surplus may, on request of the City Council and subject to the approval of the Local Authorities Board, be used for such purposes as approved by the Board.

Amortization of premiums and discounts:
Bond and debenture premiums and discounts are amortized on a straight-line basis over the term of the issue.

Foreign exchange translation:
Reserves for debt retirement are translated at the current exchange rate. The gain or loss on translation is deferred and amortized over the term of the debt issue.

2. BONDS AND DEBENTURES:

	Par Value	Market Value		Amortized Cost	
	1985	1985	1984	1985	1984
Provinces of Canada	$ 1,450,000	$ 1,293,250	$ 1,402,300	$ 1,448,527	$ 1,698,543
The City of Edmonton	9,446,635	8,759,584	5,464,024	8,473,235	5,476,371
Other municipalities	200,000	193,500	183,000	199,704	199,554
	$11,096,635	$10,246,334	$ 7,049,324	$10,121,466	$ 7,374,468

The Reserves Fund of The City of Edmonton

Auditors' Report

To His Worship the Mayor and Council
The City of Edmonton

We have examined the balance sheet of The Reserves Fund of The City of Edmonton as at December 31, 1985 and the statement of earnings, reserve deposits and equity and changes in financial position for the year then ended. Our examination was made in accordance with generally accepted auditing standards, and accordingly included such tests and other procedures as we considered necessary in the circumstances.

In our opinion, these financial statements present fairly the financial position of The Reserves Fund of The City of Edmonton as at December 31, 1985 and the results of its operations and the changes in its financial position for the year then ended in accordance with generally accepted accounting principles applied on a basis consistent with that of the preceding year.

Edmonton, Canada
March 14, 1986

Peat, Marwick, Mitchell & Co.
Chartered Accountants

Balance Sheet

December 31, 1985 (with comparative figures for 1984)
(in thousands of dollars)

	1985	1984
ASSETS		
Cash	$ 1	$ 1
Accrued interest on investments	669	454
Accounts receivable	2	1
Due from The City of Edmonton		2,795
Short-term investments — at cost:		
The City of Edmonton	1,385	2,915
Commercial paper	31,028	23,174
	33,085	29,340
Bonds and debentures — at amortized cost (note 2)	3,776	3,877
Less allowance to reduce to market value		159
	3,776	3,718
	$36,861	$33,058
LIABILITIES, RESERVES AND EQUITY		
Accounts payable	$ 220	$ 1
Due to The City of Edmonton	126	
	346	1
Reserve deposits	14,299	14,456
The City of Edmonton equity	22,216	18,601
	$36,861	$33,058

See accompanying notes to financial statements.

The City of Edmonton

The Reserves Fund of The City of Edmonton

Statement of Earnings

Year ended December 31, 1985 (with comparative figures for 1984)
(in thousands of dollars)

	1985	1984
Revenue:		
Interest earned (net)	$ 3,343	$ 3,081
Gain (loss) on disposal of securities	152	(121)
Amortization of discounts and premiums (net)	18	29
	3,513	2,989
Expenses:		
Trustee honorariums	1	1
Other expenses	1	1
	2	2
Net earnings	$ 3,511	$ 2,987
Distribution of Net Earnings:		
Reserve deposits	$ 1,495	$ 1,123
The City of Edmonton equity	2,016	1,864
	$ 3,511	$ 2,987

See accompanying notes to financial statements.

Statement of Reserve Deposits and Equity

Year ended December 31, 1985
(in thousands of dollars)

	December 31, 1984	Deposits	Net Earnings	Withdrawals	Adjustment to Market	December 31, 1985
Reserve deposits:						
Cemetery Perpetual Care	$ 1,389	$ 77	$ 139	$ 131	$	$ 1,474
Edmonton Creche and Day Nursery	2		1			3
Edmonton Public Library Board	46		4	46		4
Parkland Reserve Trust	229		34	208		55
Self-Insurance	12,540	27	1,290	1,344		12,513
Motor Vehicles	250		27	27		250
Total reserve deposits	14,456	104	1,495	1,756		14,299
The City of Edmonton equity	18,601	1,440	2,016		159	22,216
	$33,057	$ 1,544	$ 3,511	$ 1,756	$ 159	$36,515

See accompanying notes to financial statements.

The Reserves Fund of The City of Edmonton

Statement of Changes in Financial Position

Year ended December 31, 1985 (with comparative figures for 1984)
(in thousands of dollars)

	1985	1984
FUNDS PROVIDED FROM:		
Operations:		
Net earnings	$ 3,511	$ 2,987
Loss (gain) on disposal of securities	(152)	121
Amortization of discounts and premiums	(18)	(29)
	3,341	3,079
Proceeds from disposals of bonds and debentures:		
Government of Canada	2,238	3,502
The City of Edmonton	4,018	4,110
Municipalities	5	5
Corporation	249	250
	6,510	7,867
Deposits to reserve deposits	1,544	3,479
	11,395	14,425
FUNDS APPLIED TO:		
Purchases of bonds and debentures:		
Government of Canada	3,846	2,096
The City of Edmonton	2,394	4,320
	6,240	6,416
Withdrawals from reserve deposits	1,756	1,033
Increase in working capital	3,399	6,976
	$11,395	$14,425
Changes in Working Capital:		
Increase in current assets	$ 3,745	$ 6,976
Increase (decrease) in current liabilities	346	
Increase in working capital	$ 3,399	$ 6,976

See accompanying notes to financial statements.

Notes to Financial Statements

December 31, 1985

The City of Edmonton maintains the Reserves Fund to finance the specified activities summarized on the Schedule of Reserve Deposits and Equity.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

(a) Amortization of Premiums and Discounts
Bond and debenture premiums and discounts are amortized on a straight-line basis over the term of the issue.

(b) Distribution of Net Earnings
Net earnings are distributed to reserve deposits and The City of Edmonton equity account based on their proportionate share of the total assets.

(c) Adjustment to Market
The adjustment to value bonds and debentures to the lower of cost and market value is applied directly to The City of Edmonton equity account.

2. BONDS AND DEBENTURES:

	Par Value	Market Value		Amortized Cost	
	1985	1985	1984	1985	1984
Government of Canada	$1,870,000	$2,024,910	$ 138,700	$1,847,677	$ 138,408
The City of Edmonton	1,827,000	1,726,465	3,198,336	1,766,858	3,333,909
Other municipalities and school districts	15,000	14,550	19,270	14,069	18,317
Corporations	150,000	146,437	362,175	147,603	386,296
Total	$3,862,000	$3,912,362	$3,718,481	$3,776,207	$3,876,930

The Pension Fund of The City of Edmonton

Auditors' Report

To His Worship the Mayor and Council
The City of Edmonton

We have examined the statements of net assets of The Pension Fund of The City of Edmonton which is comprised of the Pension Investment Fund and its six member funds; the Annuity Fund, Police Supplementary Pension Fund, Fire Supplementary Pension Fund, The City of Edmonton Supplementary Pension Plan for Employees in the Position of Fire Chief and Deputy Fire Chief, Group Life Insurance Fund, and the General Pension Fund as at December 31, 1985 and the statement of changes in net assets for each aforementioned fund for the year then ended. Our examination was made in accordance with generally accepted auditing standards, and accordingly included such tests and other procedures as we considered necessary in the circumstances.

In our opinion, these financial statements present fairly the net assets of The Pension Fund of The City of Edmonton as at December 31, 1985 and the changes therein for the year then ended in accordance with accounting principles, as set out in note 1 to the financial statements, applied on a basis consistent with that of the preceding year.

Edmonton, Canada
March 14, 1986

Peat, Marwick, Mitchell & Co.
Chartered Accountants

Pension Investment Fund Statement of Net Assets

December 31, 1985 (with comparative figures for 1984)
(in thousands of dollars)

	1985	1984
Cash	$ 9	$ 10
Accrued interest on investments	608	782
Accounts receivable	79	81
Short-term investments, at cost	7,433	10,881
Bonds and debentures, at market value (note 2)	15,995	17,539
Common and preferred shares, at market value (note 2)	12,130	12,380
Mortgages, at market value (note 2)	479	609
	36,733	42,282
Less liabilities:		
Accounts payable	43	40
Note payable — City of Edmonton		10,995
	43	11,035
Net assets (note 1c)	$36,690	$31,247

See accompanying notes to financial statements.

The Pension Fund of The City of Edmonton

Pension Investment Fund Statement of Changes in Net Assets

Year ended December 31, 1985 (with comparative figures for 1984)
(in thousands of dollars)

	1985	1984
Net cash flow of:		
Annuity Fund	$ (597)	$ 2,276
Police Supplementary Pension Fund	(125)	(151)
Fire Supplementary Pension Fund	881	993
Fire Chief/Deputy Fire Chief Supplementary Pension Fund	(30)	(2)
Group Life Insurance Fund	(5)	(1)
General Pension Fund	(457)	(12,749)
	(333)	(9,634)
Investment income:		
Interest from short-term investments (net)	519	867
Bonds and debentures:		
Interest	1,502	1,913
Capital appreciation	1,302	45
Common and preferred shares:		
Dividends	477	537
Capital appreciation (depreciation)	1,992	(737)
Mortgages:		
Interest	38	50
Capital appreciation	33	42
Mortgage fees	(2)	(3)
	5,861	2,714
Less investment expenses:		
Investment counselling fees	70	67
Administration	15	15
	85	82
Net investment income	5,776	2,632
Increase (decrease) in net assets	5,443	(7,002)
Net assets, beginning of year	31,247	38,249
Net assets, end of year (note 1c)	$36,690	$31,247

See accompanying notes to financial statements.

The Pension Fund of The City of Edmonton

Annuity Fund Statement of Net Assets

December 31, 1985 (with comparative figures for 1984)
(in thousands of dollars)

	1985	1984
Units of Pension Investment Fund (note 1c)	$ 4,123	$ 4,031
Accounts receivable	2	2
Net assets	$ 4,125	$ 4,033

See accompanying notes to financial statements.

Annuity Fund Statement of Changes in Net Assets

Year ended December 31, 1985 (with comparative figures for 1984)
(in thousands of dollars)

Contributions — The City of Edmonton	$ 25	$ 27
Transfer from General Pension Fund		2,930
Net investment income of Pension Investment Fund allocated to Annuity Fund	689	138
	714	3,095
Less: Pension payments	622	673
Administrative expenses		7
	622	680
Increase in net assets	92	2,415
Net assets, beginning of year	4,033	1,618
Net assets, end of year	$ 4,125	$ 4,033

See accompanying notes to financial statements.

Police Supplementary Pension Fund Statement of Net Assets

December 31, 1985 (with comparative figures for 1984)
(in thousands of dollars)

	1985	1984
Units of Pension Investment Fund (note 1c)	$ 2,164	$ 1,941

See accompanying notes to financial statements.

Police Supplementary Pension Fund Statement of Changes in Net Assets

Year ended December 31, 1985 (with comparative figures for 1984)
(in thousands of dollars)

Net investment income of Pension Investment Fund allocated to Police Supplementary Pension Fund	$ 348	$ 133
Less: Pension payments	125	131
Increase in net assets	223	2
Net assets, beginning of year	1,941	1,939
Net assets, end of year	$ 2,164	$ 1,941

See accompanying notes to financial statements.

Fire Supplementary Pension Fund Statement of Net Assets

December 31, 1985 (with comparative figures for 1984)
(in thousands of dollars)

	1985	1984
Units of Pension Investment Fund (note 1c)	$16,487	$13,073
Contributions receivable	15	12
	16,502	13,085
Less accounts payable	4	
Net assets	$16,498	$13,085

See accompanying notes to financial statements.

Fire Supplementary Pension Fund Statement of Changes in Net Assets

Year ended December 31, 1985 (with comparative figures for 1984)
(in thousands of dollars)

Contributions:		
Employees	$ 355	$ 378
The City of Edmonton	1,008	1,001
Net investment income of Pension Investment Fund allocated to Fire Supplementary Pension Fund	2,533	923
	3,896	2,302
Less: Pension payments	466	369
Withdrawals of contributions	2	3
Administrative expenses	15	1
	483	373
Increase in net assets	3,413	1,929
Net assets, beginning of year	13,085	11,156
Net assets, end of year	$16,498	$13,085

See accompanying notes to financial statements.

The Pension Fund of The City of Edmonton

Supplementary Pension Plan for Employees in the Position of Fire Chief and Deputy Fire Chief Statement of Net Assets

December 31, 1985 (with comparative figures for 1984)
(in thousands of dollars)

	1985	1984
Units of Pension Investment Fund (note 1c)	$ 61	$ 79

See accompanying notes to financial statements.

Supplementary Pension Plan for Employees in the Position of Fire Chief and Deputy Fire Chief Statement of Changes in Net Assets

Year ended December 31, 1985 (with comparative figures for 1984)
(in thousands of dollars)

Contributions:		
Employees	$ 1	$ 2
The City of Edmonton	2	3
Net investment income of Pension Investment Fund allocated to Fire Chief/Deputy Fire Chief Fund	12	6
	15	11
Less: Pension payments	33	7
Increase (decrease) in net assets	(18)	4
Net assets, beginning of year	79	75
Net assets, end of year	$ 61	$ 79

See accompanying notes to financial statements.

Group Life Insurance Fund Statement of Net Assets

December 31, 1985 (with comparative figures for 1984)
(in thousands of dollars)

	1985	1984
Units of Pension Investment Fund (note 1c)	$ 60	$ 55

See accompanying notes to financial statements.

Group Life Insurance Fund Statement of Changes in Net Assets

Year ended December 31, 1985 (with comparative figures for 1984)
(in thousands of dollars)

Net investment income of Pension Investment Fund allocated to Group Life Insurance Fund	$ 10	$ 3
Less: Life insurance benefits paid	5	1
Increase in net assets	5	2
Net assets, beginning of year	55	53
Net assets, end of year	$ 60	$ 55

See accompanying notes to financial statements.

The Pension Fund of The City of Edmonton

General Pension Fund Statement of Net Assets

December 31, 1985 (with comparative figures for 1984)
(in thousands of dollars)

	1985	1984
Units of Pension Investment Fund (note 1c)	$13,794	$12,068
Less due to Local Authorities Pension Plan	20	2
Net assets	$13,774	$12,066

See accompanying notes to financial statements.

General Pension Fund Statement of Changes in Net Assets

Year ended December 31, 1985 (with comparative figures for 1984)
(in thousands of dollars)

Net investment income of Pension Investment Fund allocated to General Pension Fund	$ 2,184	$ 1,426
Less: Payments on account of liability to Local Authorities Pension Plan	20	7
Settlement of Pension Fund litigation (note 3f)	451	12,205
Litigation costs		508
Professional fees	5	19
	476	12,739
Increase (decrease) in net assets	1,708	(11,313)
Net assets, beginning of year	12,066	23,379
Net assets, end of year	$13,774	$12,066

See accompanying notes to financial statements.

Notes to Financial Statements

December 31, 1985

1. SIGNIFICANT ACCOUNTING POLICIES:

a) The financial statements of The Pension Fund of The City of Edmonton, prepared on a unitized basis, consist of the Pension Investment Fund and six member funds. The six member funds are the:

i) Annuity Fund;
ii) Police Supplementary Pension Fund;
iii) Fire Supplementary Pension Fund;
iv) Fire Chief/Deputy Fire Chief Supplementary Pension Fund;
v) Group Life Insurance Fund; and
vi) General Pension Fund.

These financial statements show only the position of the net assets under the control of Trustees of The City of Edmonton Pension Fund, and do not purport to show the adequacy of the fund to meet the obligations to the participants in The City of Edmonton pension plans.

b) The accounts of the Pension Investment Fund include the following:

i) assets, consisting primarily of cash, investments and accounts receivable relating to investments all of which are administered on behalf of member funds;
ii) liabilities, consisting primarily of accounts payable relating to investments administered on behalf of member funds;
iii) sources of net assets, consisting primarily of the positive cash flow of member funds and investment income; and
iv) uses of net assets, consisting primarily of the negative cash flow of member funds and investment expenses.

The accounts of the member funds include the following:

i) assets consisting primarily of units of the Pension Investment Fund and accounts receivable;
ii) liabilities consisting primarily of accounts payable;
iii) sources of net assets consisting primarily of employee pension contributions, City of Edmonton contributions and a proportionate share of the net investment income of the Pension Investment Fund; and
iv) uses of net assets consisting primarily of pensions paid and payments or repayments of contributions to employees or others.

c) Units of the Pension Investment Fund were allocated to certain member funds in proportion to their interest in the Pension Investment Fund as of January 1, 1972 (the starting date for the unitization process) at an initial value of $10 per unit. Subsequently, units have been allocated quarterly to member funds based on their respective cash flows at a unit value calculated by reference to the market value of the net assets of the Pension Investment Fund and the number of units outstanding.

The units of the Pension Investment Fund held by member funds and the respective share of Pension Investment Fund net assets represented by these units at December 31, 1985 (value per unit $38.425,372) and 1984 (value per unit $32.388,722) are as follows:

	Units		Amount	
	1985	1984	1985	1984
Annuity Fund	107,301.32	124,450.51	$ 4,123,093	$ 4,030,793
Police Supplementary Pension Fund	56,304.25	59,920.46	2,163,512	1,940,747
Fire Supplementary Pension Fund	429,084.51	403,645.72	16,487,732	13,073,569
Fire Chief/Deputy Fire Chief Supplementary Pension Fund	1,574.65	2,430.29	60,507	78,714
Group Life Insurance Fund	1,569.72	1,710.66	60,317	55,407
General Pension Fund	359,001.48	372,594.54	13,794,765	12,067,861
	954,835.93	964,752.18	$36,689,926	$31,247,091

Notes to Financial Statements — continued

December 31, 1985

2. INVESTMENTS:

Investments, excluding short-term investments, consist of:

	Market Value		Cost	
	1985	1984	1985	1984
Bonds:				
Government of Canada	**$15,994,803**	$17,539,271	**$15,045,347**	$17,093,132
Common and preferred shares	**12,130,445**	12,379,952	**10,661,583**	11,634,018
Mortgages	**$ 479,481**	$ 608,547	**$ 445,414**	$ 607,704

The market value of mortgages is a calculated amount based upon the relationship of current mortgage interest rates and the mortgage rates in the investment portfolio.

3. ACTUARIAL SURPLUSES AND DEFICIENCIES:

a) **Annuity Fund:**
This fund was fully funded in 1984 in accordance with an actuarial valuation performed as of December 31, 1983.

b) **Police Supplementary Pension Fund:**
An actuarial valuation performed as of December 31, 1979 disclosed this fund to be fully funded.

c) **Fire Supplementary Pension Fund:**
Based on the most recent actuarial valuation as of June 30, 1985 the Fire Supplementary Pension fund had an aggregate unfunded liability, amounting to approximately $13,600,000. Of this amount $1,500,000 is being funded through annual special payments of $332,644 to the year 1991. The funding for the remaining balance is uncertain at this date.

d) **Fire Chief/Deputy Fire Chief Supplementary Pension Fund:**
An actuarial valuation as of January 1, 1980 disclosed an unfunded liability of $39,453. Subsequent to the valuation, this amount was funded.

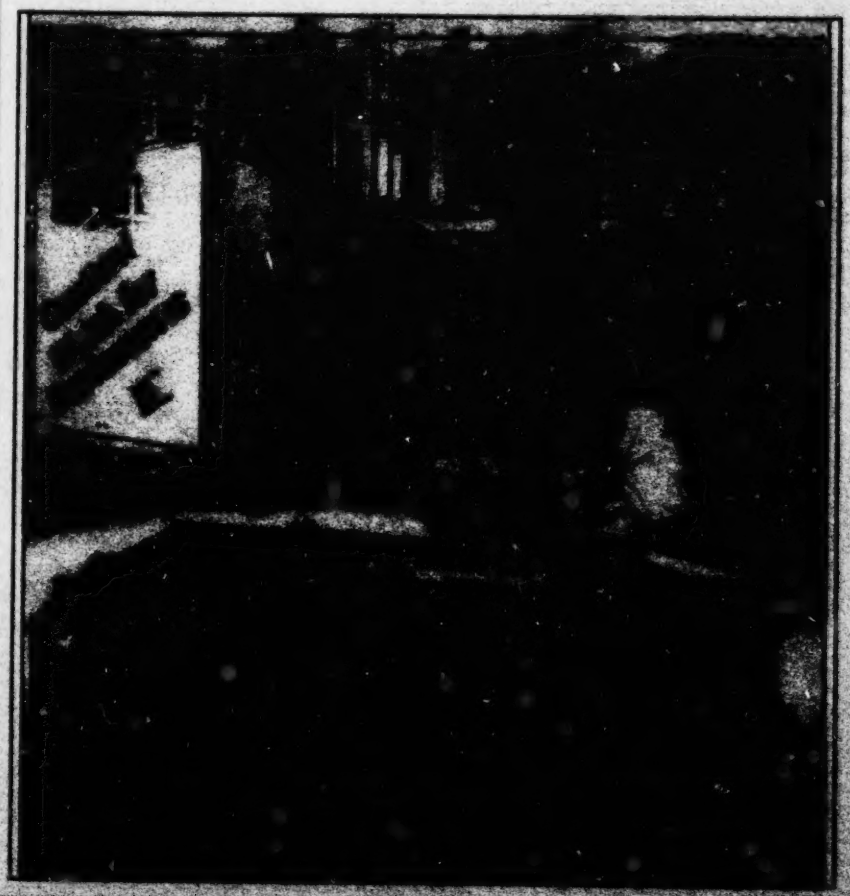
e) **Group Life Insurance Fund:**
As of December 31, 1985, an amount of $12,163 was determined to be the amount required to pay future beneficiaries from this fund. The net assets of the Group Life Insurance Fund as of December 31, 1985 amounted to $60,317 indicating an excess in this fund of $48,154.

f) **General Pension Fund:**
This fund represents contributions prior to the transfer of the General Pension Fund to the Local Authorities Pension Plan. A 1984 litigation settlement resulted in a distribution of funds to certain employee associations and employers other than The City of Edmonton. The amounts remaining in this fund represent the residual awarded to The City of Edmonton as an employer. The distribution of this fund is uncertain at this date.

ACCRUALS

The City of Edmonton

Boards
Financial Statements



Library Board.

MacDonald Drive
Library, 1926.

Bookmobile
mobile library, 1985.

Boards

Edmonton Northlands
Edmonton Northlands, formerly The Edmonton Exhibition Association Limited, is a non-profit company incorporated under the Laws of Alberta. It has authorized 300 shares and issued 208 shares. No dividends or profits shall be paid to any of the shareholders of the company.

Because The City of Edmonton owns the land on which all the Edmonton Northlands properties are situated, all buildings and improvements situated thereon are the properties of The City of Edmonton.

The Edmonton Public Library Board
The Edmonton Public Library Board operates under the Libraries Act (Provincial Statute). The Board consists of nine members of whom one is an Alderman. The Board exercises general management, regulations and control of the Library.

The City of Edmonton uses taxes to provide operating funds and as required, with the approval of the Local Authorities Board, borrows money to finance capital expenditures. The City's financial statements reflect the operations of the Library.

Royal Alexandra Hospital Board
The Royal Alexandra Hospital Board consists of the Mayor and three Aldermen.

As The City of Edmonton owns the land on which the hospital is situated, all buildings and improvements are the property of the City. The City, with the approval of the Local Authorities Board, borrows funds for capital programs.

The City's financial statements only include the assets of the Royal Alexandra Hospital equivalent to the outstanding debenture borrowings. All debt servicing is recovered from the Provincial Government.

The Edmonton Local Board of Health
The Local Board of Health operates under the Public Health Act with one alderman serving as a member of the Board.

The Board operates independently from the City. The City's only financial involvement is to show the assets of the Board equal to the outstanding debenture debt for which servicing costs are recovered from the Provincial Government.

The Edmonton Public School District No. 7
The Edmonton R.C. Separate School District No.7
School administration is completely independent from the City Council and subject to control by the Provincial Government pursuant to the provisions of the School Act.

The School Boards establish their own budgets for current and capital expenditures and have the power with the approval of the Local Authorities Board to borrow money.

The only relationship between these two boards and The City of Edmonton is that the City is obligated to provide funds raised by taxes deemed necessary by the School Boards.

Auditors' Report

To the Shareholders of
Edmonton Northlands:

We have examined the balance sheet of Edmonton Northlands as at September 30, 1985 and the statements of reinvested earnings, income and changes in financial position for the year then ended. Our examination was made in accordance with generally accepted auditing standards, and accordingly included such tests and other procedures as we considered necessary in the circumstances.

In our opinion, these financial statements present fairly the financial position of Edmonton Northlands as at September 30, 1985 and the results of its operations and the changes in its financial position for the year then ended in accordance with generally accepted accounting principles applied on a basis consistent with that of the preceding year.

Edmonton, Canada
November 14, 1985

Clarkson Gordon
Chartered Accountants

The City of Edmonton

Edmonton Northlands (Incorporated under the laws of Alberta)

Balance Sheet

September 30, 1985 (with comparative figures at September 30, 1984)
(in thousands of dollars)

	1985	1984
ASSETS		
Current:		
Cash and term deposits (Note 2)	$10,844	$ 2,789
Accounts receivable	676	1,006
Due from Province of Alberta	909	1,986
Due from Government of Canada		5,250
Equity in Western Canada Lottery Alberta Division (Note 8)		323
Inventories	280	205
Prepaid expenses and deposits	430	553
Total current assets	13,139	12,112
Fixed assets (Note 3)	70,128	71,493
	$83,267	$83,605
LIABILITIES AND EQUITY		
Current:		
Accounts payable and accrued charges	$ 5,473	$ 5,972
Accrued interest on long-term debt	476	485
Current portion of long-term debt	916	1,383
Total current liabilities	6,865	7,840
Long-term debt (Note 4)	20,340	20,610
Deferred revenue	152	182
Contingencies (Note 9)		
Contributions for expansion of facilities and capital debt retirement (Note 5)	46,535	44,078
Equity:		
Capital —		
Authorized:		
300 shares of $5 each		
Issued:		
208 shares (1984 - 200 shares)	1	1
Reinvested earnings	9,374	10,894
	9,375	10,895
	$83,267	$83,605

(The accompanying notes are an integral part of the financial statements)

On behalf of the Board:

G.W. Lavold, Director

D.M. Hamilton, Director

Statement of Income

For the Year Ended September 30, 1985 (with comparative figures for 1984)
(in thousands of dollars)

	Revenue		Direct Expenses		Operating Income (Loss)	
	1985	1984	1985	1984	1985	1984
Facilities	$ 9,340	$ 9,497	$ 7,997	$ 8,090	$ 1,343	$ 1,407
Concessions	3,964	4,179	2,850	2,974	1,114	1,205
Lounges and dining facilities	4,627	4,236	3,975	3,553	652	683
Agriculture	263	192	1,170	743	(907)	(551)
Rodeos	672	715	782	775	(110)	(60)
Thoroughbred racing	6,144	6,682	6,115	6,854	29	(172)
Harness racing	6,002	6,793	6,290	7,062	(288)	(269)
Klondike Days	4,813	4,584	4,591	4,177	222	407
Northlands sponsored events	460	1,537	528	2,857	(68)	(1,320)
	36,285	38,415	34,298	37,085	1,987	1,330
Less internal rental revenue and expenses	(2,479)	(3,176)	(2,479)	(3,176)		
	$33,806	$35,239	$31,819	$33,909	1,987	1,330
Indirect expenses, depreciation and amortization						
Administration					1,624	1,475
Interest expense net of interest income (Note 6)					1,876	1,824
Contributions to other groups					52	204
Corporate relations					332	275
Depreciation					2,468	2,346
Amortization of contributions for expansion of facilities and capital debt retirement					(1,546)	(1,600)
					4,806	4,524
Operating loss					(2,819)	(3,194)
Province of Alberta grants and contributions					1,128	1,270
Recoveries relating to previous years' costs (Note 7)					171	101
					1,299	1,371
Net loss					$(1,520)	$(1,823)

(The accompanying notes are an integral part of the financial statements)

Statement of Reinvested Earnings

For the Year Ended September 30, 1985 (with comparative figures for 1984)
(in thousands of dollars)

	1985	1984
Reinvested earnings, beginning of year	$10,894	$12,717
Net loss for the year	(1,520)	(1,823)
Reinvested earnings, end of year	$ 9,374	$10,894

(The accompanying notes are an integral part of the financial statements)

Statement of Changes in Financial Position

For the Year Ended September 30, 1985 (with comparative figures for 1984)
(in thousands of dollars)

	1985	1984
Working capital provided by:		
Contributions for expansion of facilities and capital debt retirement —		
Province of Alberta	$ 1,253	$ 1,432
Western Canada Lottery	2,750	3,133
Increase in long-term debt	1,550	11,125
Proceeds on disposals of fixed assets	16	
Share capital issue	1	
	5,570	15,690
Working capital applied to:		
Operations —		
Net loss	1,520	1,823
Add (deduct) items not affecting working capital:		
Depreciation	(2,468)	(2,346)
Amortization of contributions	1,546	1,600
Deferred revenue	30	30
Working capital used for operations	628	1,107
Additions to fixed assets	1,120	9,647
Repayment of long-term debt	1,820	1,452
	3,568	12,206
Increase in working capital	2,002	3,484
Working capital, beginning of year	4,272	788
Working capital, end of year	$ 6,274	$ 4,272
Represented by:		
Current assets	$13,139	$12,112
Current liabilities	6,865	7,840
	$ 6,274	$ 4,272

(The accompanying notes are an integral part of the financial statements)

Notes to Financial Statements

September 30, 1985

INTRODUCTION

Edmonton Northlands, formerly The Edmonton Exhibition Association Limited which was incorporated in 1908, is the successor to The Edmonton Agricultural Society of 1879 and The Edmonton Industrial Exhibition Association of 1899. Its purpose is to provide programs and facilities to benefit the residents of Northern Alberta in the fields of Agriculture, Trade Shows and Exhibitions, Entertainment and Community Service. The Company's 208 members, along with associate directors and other volunteers, provide the impetus and volunteer assistance that enable it to achieve its objectives. The Company is exempt from income tax, it cannot pay dividends to its members, the shares cannot appreciate in value and its members and directors do not receive any fee for their services. Reinvested earnings of the Company are invested in its facilities.

The Company is qualified under the provisions of the Alberta Agriculture Societies Act and receives substantial funding from the Province of Alberta by way of grants and loan guarantees. Assistance has also been received from the Government of Canada by way of grants and loans, and from the City of Edmonton, primarily for land acquisition.

The land on which the Company's facilities are located is held in the name of the City of Edmonton and leased to the Company under a lease which expires in 1999. If the lease is not renewed or extended, the buildings and improvements on the leased lands will revert to the City of Edmonton. The amount of the annual lease rental is subject to periodic review and is currently under discussion with the City as referred to in Note 9.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the Company have been prepared by management in accordance with generally accepted accounting principles described in this note which have been consistently applied. Because a precise determination of many assets and liabilities is dependent upon future events, the preparation of periodic financial statements necessarily involves the use of estimates and approximations. These have been made using careful judgement in light of the information available up to November 14, 1985. The financial statements have, in management's opinion, been properly prepared within reasonable limits of materiality and within the framework of the accounting policies summarized below:

Fixed assets and depreciation
Fixed assets are recorded at cost and, except for land and properties acquired for future expansion, are depreciated on the straight-line basis over the estimated useful lives of the assets as set out below. No depreciation is recorded on construction in progress until such time as the assets are substantially complete.

Assets	Useful life
Coliseum and AgriCom	50 years
Other buildings	25 years
Equipment	3 to 10 years

Interest on borrowings in respect of capital projects is expensed, except where carrying costs form an integral part of construction contracts.

Inventories
Inventories are valued at the lower of cost and net realizable value.

Grants and contributions
Grants and contributions are recognized at the earliest of the date of commitment by the grantor or upon receipt by the Company. Amounts designated for capital purposes, including the acquisition of property for expansion, construction of facilities or retirement of capital debt, are credited to "Contributions for expansion of facilities and capital debt retirement" and amortized into income each year on the same basis as the related assets. Amounts designated for capital purposes which are used to pay interest on capital debt are applied to reduce interest costs. Other grants and contributions not specifically designated for capital purposes are included in income.

Deferred revenues
Revenues received which relate to future periods are deferred and brought into income over the term of the related agreements.

Notes to Financial Statements — continued

Leases
Leases which transfer substantially all the benefits and risks of ownership of the leased asset to the Company are capitalized at the present value of the payments expected to be made under the lease. Capitalized leased assets are depreciated over their useful lives on a basis consistent with owned assets.

Revenue and expenses
The revenue and expenses recorded in these statements reflect only the amounts actually attributable to the Company. Amounts received or disbursed on behalf of third parties are not reflected.

Internal rental revenue and expenses represent inter-departmental charges for services provided and used between the departments. These charges are determined by management to represent external market conditions and are applied on a basis consistent with the previous year.

2. CASH AND TERM DEPOSITS

Cash and term deposits includes funds on deposit amounting to $10,260,000 which are intended to be used for capital purposes. The funds on deposit include grants received by the Company for the construction of specified facilities and for the retirement of capital debt, and funds required to finance approved capital construction programs.

Pending the use of these funds for the purposes designated, they are maintained on deposit with the Company's bankers with an effective interest rate of prime less ¼ of 1%. Interest earned is applied to reduce interest costs on bank indebtedness.

3. FIXED ASSETS

The details of fixed assets at September 30, are as follows:

	1985			1984
	Cost	Accumulated depreciation	Net book value	Net book value
Coliseum	$15,955,128	$ 7,147,882	$ 8,807,246	$ 9,038,980
AgriCom	37,904,667	1,516,186	36,388,481	38,279,603
Other buildings and improvements	27,684,202	13,206,320	14,477,882	14,818,648
Equipment	5,156,472	2,695,868	2,460,604	1,627,548
Properties acquired for future expansion	7,937,255		7,937,255	7,633,653
Construction in progress	57,264		57,264	94,779
	$94,694,988	$24,566,256	$70,128,732	$71,493,211

Notes to Financial Statements — continued

September 30, 1985

4. LONG-TERM DEBT

	1985	1984
Government of Canada loan due December 31, 2004, interest rate 8.595%, annual instalments of $469,324 principal and interest	$ 4,410,300	$ 4,493,400
Government of Canada loan due December 31, 2004, interest rate 9.025%, annual instalments of $311,662 principal and interest	2,840,000	2,890,700
Term bank loan for the AgriCom due April 30, 1999, interest at prime payable monthly, annual principal instalment of $1,100,000	13,330,000	13,675,000
Demand bank loan, interest at prime plus ½ of 1% payable monthly, annual principal instalments of $225,000	675,000	900,000
Obligation under capital lease		34,300
	21,255,300	21,993,400
Less amounts due within one year	915,700	1,383,200
	$20,339,600	$20,610,200

The Government of Canada loans are secured by guarantees of the Government of the Province of Alberta.

As general security for the bank loans, the bank holds the lease of land from the City of Edmonton, and a registered assignment of book debts. As specific security for the term bank loan for the AgriCom, the bank holds a guarantee of the Government of the Province of Alberta, and assignments of the annual debt retirement grant and the Company's income from the Western Canada Lottery.

As specific security for the demand bank loan, the bank holds a guarantee of the Government of the Province of Alberta.

Principal payments required over the next five years are as follows: 1986 - $1,470,700; 1987 - $1,483,400; 1988 - $1,497,200; 1989 - $1,287,300 and 1990 - $1,303,700.

Notes to Financial Statements — continued

September 30, 1985

5. CONTRIBUTIONS FOR EXPANSION OF FACILITIES AND CAPITAL DEBT RETIREMENT

Accumulated contributions received less amounts amortized are summarized as follows:

	1985	1984
Grants and contributions:		
Province of Alberta —		
Coliseum grants	$ 3,700,000	$ 3,700,000
Western Canada Lottery Alberta Division	1,850,000	1,850,000
Western Canada Lottery Foundation	3,500,000	3,500,000
Department of Agriculture AgriCom grant	7,250,000	7,250,000
Pedway grants	439,282	439,282
Capital debt retirement from parimutuel taxes remitted	9,218,138	7,964,834
Other	25,000	25,000
	25,982,420	24,729,116
Western Canada Lottery income	18,299,365	15,549,365
Government of Canada —		
Department of Industry, Trade and Commerce	7,250,000	7,250,000
Loto Canada	1,850,000	1,850,000
	9,100,000	9,100,000
City of Edmonton	3,700,000	3,700,000
Total grants and contributions received	57,081,785	53,078,481
Accumulated amortization	10,546,625	9,000,621
Unamortized grants and contributions	$46,535,160	$44,077,860

These contributions have been used to finance the acquisition of fixed assets as follows:

	1985		1984	
	Total contributions	Unamortized amount	Total contributions	Unamortized amount
Coliseum	$11,725,071	$ 7,695,217	$11,725,071	$ 7,758,724
AgriCom	24,674,550	23,634,840	20,671,246	20,257,820
Other buildings and improvements	12,904,166	9,491,047	12,904,166	9,958,778
Equipment	3,176,998	1,113,056	3,176,998	1,501,538
Properties acquired for future expansion	4,601,000	4,601,000	4,601,000	4,601,000
	$57,081,785	$46,535,160	$53,078,481	$44,077,860

6. INTEREST EXPENSE

The Company has recorded interest expense net of interest income as follows:

	1985	1984
Interest expense:		
Long-term debt	$2,397,115	$1,962,499
Current debt	97,144	107,040
Total interest expense	2,494,259	2,069,539
Interest income:		
Term and other deposits	618,389	245,800
Interest expense net of interest income	$1,875,870	$1,823,739

Notes to Financial Statements — continued

September 30, 1985

7. RECOVERIES RELATING TO PREVIOUS YEARS' COSTS

The 1985 recovery of $171,402 represents the anticipated recovery related to a defalcation by an employee which occurred during the years 1981 through 1984. The defalcation was discovered in late 1984, the employee was dismissed, and proceedings were commenced to determine the extent of the losses and to recover the losses from the insurers and the employee.

The 1984 recovery of $100,714 represents a refund of excess contributions to a previous pension plan.

8. WESTERN CANADA LOTTERY ALBERTA DIVISION

Effective May 15, 1974, Edmonton Northlands and the Calgary Exhibition and Stampede formed a partnership for the purpose of conducting and operating a continuing lottery to be marketed throughout the Province of Alberta in accordance with the provisions of the Western Canada Lottery Foundation. The Interprovincial Lottery License provides that the proceeds through the Lottery are to be used by Foundations with province-wide impact in amateur sport and cultural development, as well as for capital projects and debt retirement of Edmonton Northlands and the Calgary Exhibition and Stampede.

Effective April 1, 1984 the Interprovincial Lottery License provides that each partner's share of income from lottery operations in Alberta is restricted to 15% of net income up to a maximum of $2,750,000. The Company's share of income for the 1985 fiscal year was $2,750,000 and the 1984 fiscal year $3,132,766.

9. CONTINGENCIES

The City of Edmonton has issued notices to Edmonton Northlands, for substantial property and business taxes for 1983, 1984 and 1985, for increased lease rentals for 1984 and subsequent years and demanded payment of a portion of Northlands' reinvested earnings to the City. These financial demands are very significant relative to Northlands financial position. Northlands has filed Notices of Objection in respect of taxes levied and has disputed the right of the City to claim increased lease rentals and payment of a portion of its reinvested earnings. The City of Edmonton has also filed a Statement of Claim for a declaration that the Northlands' reorganization undertaken in 1983 is invalid. A Statement of Defence has been filed by Northlands in support of its position.

Discussions are presently taking place between representatives of the City and Northlands with a view to settling these disputes. No provision has been made for the amounts, if any, which may have to be paid to the City, as the outcome of the discussions cannot be determined at this time. Any settlement which may occur will be accounted for as an adjustment of prior years' reinvested earnings.

10. COMPARATIVE FIGURES

Certain 1984 figures have been reclassified to facilitate comparison with the current year.

The City of Edmonton

The Edmonton Public Library Board

Auditors' Report

To the Chairman and Members of
The Edmonton Public Library Board

We have examined the balance sheet of the Edmonton Public Library Board as at December 31, 1985 and the statements of revenue and expenditures, surplus and changes in financial position for the year then ended. Our examination was made in accordance with generally accepted auditing standards, and accordingly included such tests and other procedures as we considered necessary in the circumstances.

In our opinion, these financial statements present fairly the financial position of the Edmonton Public Library Board as at December 31, 1985 and the results of its operations and the changes in its financial position for the year then ended in accordance with the accounting principles set out in the summary of significant accounting policies applied on a basis consistent with that of the preceding year.

Edmonton, Canada
March 11, 1986

Peat, Marwick, Mitchell & Co.
Chartered Accountants

Balance Sheet

December 31, 1985 (with comparative figures for 1984)
(in thousands of dollars)

	1985	1984
ASSETS		
Current assets:		
Cash and term deposits	$ 550	$ 708
Due from The City of Edmonton	284	376
Accounts receivable	8	4
Grant receivable from Province of Alberta	5	
Prepaid expenses	130	150
Investment with The City of Edmonton Reserve Fund	4	40
Total current assets	981	1,278
Fixed assets:		
Land, buildings and equipment at cost less accumulated depreciation of $3,846 (1984 — $3,386)	3,515	3,975
	$4,496	$5,253
LIABILITIES AND SURPLUS		
Current liabilities:		
Accounts payable and accrued liabilities	$ 42	$ 115
Unexpended grants and donations	54	49
Accrued interest on debentures	106	118
Current portion of debentures payable	505	460
Total current liabilities	707	742
Debentures payable (note 2)	3,515	3,975
Less current portion	505	460
	3,010	3,515
Surplus	779	996
Commitments (note 3)		
	4,496	5,253

See accompanying notes to financial statements.

The Edmonton Public Library Board

Statement of Revenue and Expenditures

Year ended December 31, 1985 (with comparative figures for 1984)
(in thousands of dollars)

	1985	1984
REVENUE:		
Grants:		
The City of Edmonton	$10,348	$10,245
Province of Alberta	2,268	2,160
Fines and charges	612	483
Interest	81	121
Rental of premises	50	50
Other	152	151
Total revenue	13,511	13,210
EXPENDITURES:		
Salaries, wages and employee benefits	7,508	7,425
Maintenance of properties	1,507	1,403
Books and library materials	1,714	1,549
Supplies	1,205	1,133
Property rentals	917	929
Debenture interest charges	330	299
Depreciation	460	378
Bookmobile and trailer operations	22	18
Total expenditures	13,663	13,134
Excess of revenue over expenditures (expenditures over revenue)	$ (152)	$ 76

See accompanying notes to financial statements.

The Edmonton Public Library Board

Statement of Surplus

Year ended December 31, 1985 (with comparative figures for 1984)
(in thousands of dollars)

	1985	1984
Unallocated surplus:		
Balance, beginning of year	$ 485	$1,363
Excess of revenue over expenditures (expenditures over revenue)	(152)	76
Transfer to capital projects surplus	(2)	(135)
Transfer to The City of Edmonton	—	(819)
Balance, end of year	331	485
Surplus allocated for capital projects:		
Balance, beginning of year	144	336
City of Edmonton Pension Fund disbursement	194	
Interest income on capital projects surplus	24	20
Transfer from unallocated surplus	2	135
Expenditures during the year:		
Castle Downs branch		(64)
Mill Woods branch	(127)	(149)
Highlands branch	(2)	(33)
Main Library renovations		(75)
Main Library automation	(149)	(26)
Balance, end of year	86	144
Surplus allocated for Library system:		
Balance, beginning of year	327	297
Interest income on Library system surplus	31	30
Balance, end of year	358	327
Carnegie Fund surplus:		
Balance, beginning of year	40	310
Interest income on Carnegie Fund surplus	4	21
Expenditures during the year:		
Strathcona renovations	(40)	(291)
Balance, end of year	4	40
Total surplus, end of year	$ 779	$ 996

See accompanying notes to financial statements.

The Edmonton Public Library Board

Statement of Changes in Financial Position

Year ended December 31, 1985 (with comparative figures for 1984)
(in thousands of dollars)

	1985	1984
Funds provided from:		
Operations:		
Excess of revenue over expenditures	$ (152)	$ 76
Add item not requiring an outlay of funds:		
Depreciation	460	378
Funds provided from operations	308	454
Proceeds from The City of Edmonton Pension Surplus Fund	194	
Interest income on capital projects surplus	24	20
Interest income on Library system surplus	31	30
Interest income on Carnegie Fund surplus	4	21
Total funds provided	561	525
Funds applied to:		
Repayment of debentures — principal	460	378
Expenditures from surplus allocated for capital projects	278	347
Expenditures from Carnegie Fund surplus	40	291
Increase in current portion of debentures payable	45	82
Transfer to The City of Edmonton		819
Total funds applied	823	1,917
Decrease in working capital	262	1,392
Working capital, beginning of year	536	1,928
Working capital, end of year	$ 274	$ 536

See accompanying notes to financial statements.

Notes to Financial Statements

December 31, 1985

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

(a) Operations:
The Edmonton Public Library Board operates under the authority of The Libraries Act of Alberta and it is administered by a separate board which reports to The City of Edmonton. It operates a number of public libraries and bookmobiles throughout The City of Edmonton and derives its revenues from its library operations and grants from The City of Edmonton and the Province of Alberta.

(b) Fixed assets:
In accordance with accounting policies followed by municipal organizations, fixed assets acquired through debenture borrowing are carried at their original cost less accumulated depreciation. The annual depreciation charge equals the annual principal payment of the debenture debt.

Other fixed assets acquired are expensed in the year of acquisition.

(c) Revenue recognition:
Library fines and charges are recorded on a cash basis.

(d) Allocated surplus:
Amounts have been appropriated from general surplus to fund the cost of specified expansion of library facilities, including the initial purchase of books, supplies, furniture and improvements.

The actual expenditures are charged directly to the surplus accounts in the year in which they are incurred.

(e) Government grants:
Certain government grants which are used to fund specific programs are applied against the costs of those programs.

(f) Interest on surplus accounts:
Interest earned on the surplus account funds is recorded within the respective surplus accounts.

2. DEBENTURES PAYABLE:

At December 31, 1985 the Board has outstanding debentures payable in the amount of $3,514,987 at varying interest rates between 5.75% and 16%. The debentures issued to date are eligible for an Alberta Government interest rebate which reduces the effective interest rate to 11% per year. The payments shown below do not reflect the effect of the rebate.

The Board is committed to the following principal and interest payments for the next five years:

Year	Principal	Interest	Total
1986	$504,934	$371,091	$876,025
1987	554,987	321,038	876,025
1988	599,350	265,219	864,569
1989	503,740	203,554	707,294
1990	471,242	152,056	623,298

3. COMMITMENTS:

The Board is committed to the following annual lease payments for rental of buildings:

Capilano branch	$33,460 per annum to January 31, 1990.
Castle Downs branch	46,000 per annum to April 15, 1986 with rent for an additional 5 years to 1991 under negotiation.
Londonderry branch	60,000 per annum to January 31, 1994.
Mill Woods branch	68,912 per annum to April 1, 1987.
Southgate branch	95,190 per annum to August 31, 1990.

4. COMPARATIVE FIGURES:

Certain of the 1984 comparative figures have been reclassified to conform with the current year's presentation.

Auditors' Report

To the Chairman and Members of
the Board of Governors of the
Royal Alexandra Hospitals:

We have examined the balance sheet of Royal Alexandra Hospitals as at March 31, 1985 and the following statements for the year then ended:

Integrated Fund	- Statement of Revenue and Expenses - Statement of Unappropriated Equity - Statement of Changes in Financial Position
Endowment and Special Purpose Fund	- Statement of Endowment Equity - Statement of Expendable Equity
Anderson Hall	- Statement of Unappropriated Equity

Our examination was made in accordance with generally accepted auditing standards, and accordingly included such tests and other procedures as we considered necessary in the circumstances.

In our opinion, these financial statements present fairly the financial position of the hospitals as at March 31, 1985 and the results of their operations and the changes in their financial position for the year then ended in accordance with accounting principles generally accepted for hospitals applied on a basis consistent with that of the preceding year.

Edmonton, Canada
May 24, 1985

Peat, Marwick, Mitchell & Co.
Chartered Accountants

Balance Sheet

March 31, 1985 (with comparative figures for 1984)
(in thousands of dollars)

	1985	1984
ASSETS		
Integrated Fund		
Operating:		
Cash and term deposits	$ 1,576	$ 4,387
Accounts receivable and recoverable:		
Patients	1,023	1,174
Province of Alberta	469	349
Due from Anderson Hall	3	
Sundry	368	488
Inventory of supplies — at cost	1,361	1,292
Prepaid expenses	339	297
Total operating assets	5,139	7,987
Capital grants receivable — Province of Alberta	1,534	1,143
Total working assets	6,673	9,130
Buildings, land improvements and equipment (note 3)	44,541	43,949
	$51,214	$53,079
Endowment and Special Purpose Fund		
Cash and term deposits	$ 3,567	$ 2,265
Other investments — at cost	6	6
Student loans receivable	26	19
Due from The City of Edmonton	32	37
Accounts receivable	23	33
Due from Integrated Fund	1,128	912
	$ 4,782	$ 3,272
Anderson Hall		
Current assets	$ 62	$ 84
Due from Integrated Fund		1
Building and equipment — at cost less accumulated depreciation	1,137	1,161
	$ 1,199	$ 1,246

See accompanying notes to financial statements.

The City of Edmonton

Royal Alexandra Hospitals

Balance Sheet

March 31, 1985 (with comparative figures for 1984)
(in thousands of dollars)

	1985	1984
LIABILITIES AND EQUITY		
Integrated Fund		
Operating:		
Accounts payable and accrued liabilities	$ 5,436	$ 8,160
Due to Anderson Hall		1
Due to Endowment and Special Purpose Fund	1,128	912
Current portion of debenture payable	64	56
Total operating liabilities	6,628	9,129
Capital holdbacks payable		132
Total working liabilities	6,628	9,261
Debenture payable (note 4)	3,789	3,853
Total liabilities	10,417	13,114
Unappropriated equity	40,797	39,965
Commitments (note 5)		
	$51,214	$53,079
Endowment and Special Purpose Fund		
Accrued interest payable	$ 389	$ 395
Endowment equity	6	6
Expendable equity	4,387	2,871
Total equity	4,393	2,877
	$ 4,782	$ 3,272
Anderson Hall		
Accounts payable and accrued liabilities	$ 20	$ 22
Due to Integrated Fund	3	
Debenture payable (note 4)	922	929
	945	951
Contributed surplus	124	124
Unappropriated equity	130	171
	254	295
	$ 1,199	$ 1,246

See accompanying notes to financial statements.

Integrated Fund Statement of Unappropriated Equity

Year ended March 31, 1985 (with comparative figures for 1984)
(in thousands of dollars)

	1985	1984
Balance, beginning of year	$39,965	$39,745
Add:		
Operating surplus for the year	174	32
Capital grants — Province of Alberta	2,987	2,795
Other		79
Capital contributions from Endowment and Special Purpose Fund	554	1,634
	3,715	4,540
Less:		
Depreciation and amortization	2,626	2,526
Write-off of receivable from Province of Alberta (note 7)		1,135
Repayment of construction account		436
Cost of assets disposed of, retired or written-off during the period (net of accumulated depreciation)	192	223
Other	65	
	2,883	4,320
Balance, end of year	$40,797	$39,965

See accompanying notes to financial statements.

Integrated Fund Statement of Revenue and Expenses

Year ended March 31, 1985 (with comparative figures for 1984)
(in thousands of dollars)

	1985	1984
Revenue — patient:		
Provincial Government grants		
— global payments	$ 89,575	$ 88,012
— cardiology and cardiac rehabilitation	2,967	2,967
— perinatal program	5,512	5,852
Uninsured services	4,363	4,507
Admitting fees and differential charges - net (note 6)	582	582
Other	46	19
	103,045	101,939
Other revenue:		
Provincial Government grants		
— medical education	896	935
— school of nursing	2,237	2,009
— other	107	130
Food services	1,598	1,630
Miscellaneous	412	347
Recoveries from other hospitals	157	174
	5,407	5,225
Total revenue	108,452	107,164
Expenses:		
Salaries and wages	75,395	74,579
Employee benefits	7,126	6,786
Medical and surgical supplies	6,306	5,819
Drugs	3,140	2,830
General expenditures	16,311	17,118
Total expenses	108,278	107,132
Operating surplus for the year	$ 174	$ 32

See accompanying notes to financial statements.

Integrated Fund Statement of Changes in Financial Position

Year ended March 31, 1985 (with comparative figures for 1984)
(in thousands of dollars)

	1985	1984
Working funds provided:		
From operations	$ 174	$ 32
Capital contributions from the Endowment and Special Purpose Fund	554	1,634
Capital grants — Province of Alberta	2,987	2,795
Other		79
Total working funds provided	3,715	4,540
Working funds applied:		
Reduction of long-term debt	64	56
Acquisition of buildings, land improvements and equipment	3,410	4,466
Write-off of receivable from Province of Alberta (note 7)		1,135
Repayment of construction account		436
Other	65	
Total working funds applied	3,539	6,093
Increase (decrease) in working funds	176	(1,553)
Working funds (deficiency), beginning of year	(131)	1,422
Working funds (deficiency), end of year	$ 45	$ (131)

See accompanying notes to financial statements.

Endowment and Special Purpose Fund Statement of Expendable Equity

Year ended March 31, 1985 (with comparative figures for 1984)
(in thousands of dollars)

	1985	1984
Balance, beginning of year	$ 2,871	$ 2,777
Add:		
Parking lot revenues	927	892
Interest (note 1)	1,330	636
Donations and grants	290	425
Discretionary portion of admitting fees and differential charges (note 6)	557	372
School of nursing surplus		139
Universiade receipts		82
Vending machine revenues	17	32
Refunds	2	19
Other	46	7
	3,169	2,604
Deduct payments and appropriations:		
Capital additions	617	1,504
Parkade debenture principal	56	49
Parkade debenture interest	424	430
Parkade expenses	280	253
Expenditures from donation fund	23	89
Research	107	55
Universiade expenses	2	45
School of nursing deficit	35	
Education and staff development	25	40
Scholarships and awards	20	26
Vending machine expenses	14	15
Holdback penalty	20	
Transfer to integrated fund revenue to cover bad debts	10	
Other	20	4
	1,653	2,510
Balance, end of year	$ 4,387	$ 2,871

See accompanying notes to financial statements.

Anderson Hall Statement of Unappropriated Equity

Year ended March 31, 1985 (with comparative figures for 1984)
(in thousands of dollars)

	1985	1984
Unappropriated equity, beginning of year	$ 171	$ 136
Operating surplus (deficit) for the year (note 1)	(41)	35
Unappropriated equity, end of year	$ 130	$ 171

See accompanying notes to financial statements.

Endowment and Special Purpose Fund Statement of Endowment Equity

Year ended March 31, 1985 (with comparative figures for 1984)
(in thousands of dollars)

	1985	1984
Balance, beginning of year	$ 6	$ 7
Transfer to expendable equity		1
Balance, end of year	$ 6	$ 6

See accompanying notes to financial statements.

Notes to Financial Statements

March 31, 1985

1. NATURE OF OPERATIONS AND FINANCIAL STATEMENT PRESENTATION

The Royal Alexandra Hospitals are a 933 bed hospital complex owned by The City of Edmonton. The hospitals provide a full range of hospital services for central and northern Alberta.

The financial statements are prepared on a fund basis as follows:

Integrated Fund — includes the operating and capital assets of the hospital.

Endowment and Special Purpose Fund — represents all assets held for special purposes including assets held as endowments. Interest earned from deposits in the Integrated Fund amounting to $1,021,606 in 1985 ($477,994 in 1984) is recorded in the Endowment and Special Purpose Fund. Admitting fees and differential charges in excess of the amount collected from those sources during the 1982/83 fiscal year are recorded in this fund. This fund is reduced by uses allowed by the Alberta Hospitalization Benefits Regulation as described in note 2a.

Anderson Hall — includes the assets, liabilities and equity of Anderson Hall which is a student apartment building. The income and expenses are not reflected in the hospitals' statement of revenue and expense, but are reported on in separate audited financial statements which show an operating deficit of $41,636 in 1985, and an operating surplus of $34,963 in 1984.

2. SIGNIFICANT ACCOUNTING POLICIES

(a) Revenue recognition:

Payments from the Province of Alberta are given recognition in the accounts as they are received or committed. Other revenue is recorded when earned.

An amendment to the Alberta Hospitalization Benefits Regulations defines "discretionary revenue" as revenue from the following sources: (i) authorized admission fees and preferred accommodation charges in excess of the amount collected from those sources during the 1982/83 fiscal year, (ii) donations, (iii) foundations, (iv) user charges, (v) net income from ancillary operations, and (vi) interest earned on investments. The regulations state that "discretionary revenue" shall not be included in revenues as disclosed on the statement of revenue and expenses.

The regulations further state that "discretionary revenue" shall be used to cover:

(i) operating deficits,
(ii) deficits for programs other than approved hospital programs, and
(iii) bad debts.

Any discretionary revenue remaining after the above is complied with may be used:

(i) as working capital,
(ii) for enhancement of an approved program if the enhancement will not generate recurring costs,
(iii) for expenditures of a one-time nature that will not result in continuing operating costs, and
(iv) with prior approval of the Minister
  (a) for purchase of equipment, systems or items that will benefit the hospital but may have continuing operating costs, or
  (b) if the hospital has a foundation, for transfers to the foundation.

In these financial statements "discretionary revenue" has not been included in the statement of revenue and expenses but has been included in the statement of expendable equity of the Endowment and Special Purpose Fund. Use of these funds is recorded as a reduction of the Endowment and Special Purpose Fund expendable equity.

Where the funds have been used to cover an operating expenditure of the hospitals, they have been recorded as revenue of the Integrated Fund.

Notes to Financial Statements — continued

March 31, 1985

(b) Capitalization policy:

Buildings, land improvements and major equipment additions are capitalized.

Original minor equipment purchases are capitalized at cost. All subsequent minor equipment additions and replacements are expensed in the period of acquisition.

As fixed assets are disposed of or retired, the original cost and related accumulated depreciation of such assets is removed from the appropriate accounts and charged against unappropriated equity.

(c) Depreciation:

Depreciation on buildings, land improvements and major equipment is provided on the following basis:

Buildings	50 years	straight-line
Parking lot	10 years	straight-line
Major equipment	15 years	straight-line
Leasehold improvements	5 years	straight-line

Capital assets are funded by the Alberta Department of Hospitals and Medical Care and by expendable equity from the Endowment and Special Purpose Fund at the time of purchase. The assets are recorded at cost and the funding is added to unappropriated equity. Accordingly, depreciation is not recognized as a shareable expense but is charged directly to unappropriated equity.

3. BUILDINGS, LAND IMPROVEMENTS AND EQUIPMENT

All buildings and land improvements are the property of The City of Edmonton.

The major components are as follows:

	1985	1984
Buildings:		
Parkade and incinerator facilities	$11,652,483	$11,652,483
General hospital	11,035,307	11,035,307
Women's hospital	7,235,537	7,026,441
Children's pavilion	3,342,240	3,192,985
School of nursing and residence	2,940,130	2,922,455
Food services pavilion	1,303,588	1,303,588
Leasehold improvements	272,880	272,880
Greenhouses	3,986	3,986
	37,786,151	37,410,125
Parking lot surfacing and other ground improvements	531,973	507,915
Major equipment	26,798,693	25,165,598
Minor equipment	352,517	352,518
Construction in progress	48,000	61,353
Total buildings, land improvements and equipment	65,517,334	63,497,509
Deduct accumulated depreciation and amortization	20,976,328	19,548,088
Net buildings, land improvements and equipment	$44,541,006	$43,949,421

Notes to Financial Statements — continued

March 31, 1985

4. DEBENTURES PAYABLE

The debenture debt is with the Alberta Municipal Financing Corporation and is financing the parkade, incinerator, and ancillary facility.

The debt bears interest at 14¼% per annum but is eligible for the Province of Alberta interest rebate subsidy which reduces the effective rate to 11%. Annual payments to May 1, 2001 will be made from the Endowment and Special Purpose Fund. The next five annual principal repayments are:

May 1, 1985	$ 63,631
May 1, 1986	72,699
May 1, 1987	83,058
May 1, 1988	94,894
May 1, 1989	108,416

The debenture related to Anderson Hall is payable to Central Mortgage and Housing Corporation in semi-annual instalments of $34,874 (including interest at 6⅞% per annum) to June 1, 2020. The hospitals are considering demolition of Anderson Hall to expand the hospitals' facilities. The demolition may proceed as early as July, 1986 at which time the debenture will become payable.

5. COMMITMENTS

Future minimum lease payments under operating leases relating primarily to computer and office equipment are as follows over the next 5 years:

1986	$413,676
1987	252,654
1988	106,112
1989	33,002
1990	—

6. ADMITTING FEES AND DIFFERENTIAL CHARGES — NET

The net admitting fees and preferred accommodation charges (note 2a) are:

	1985	1984
Admitting fees	$264,760	$213,075
Differential charges for preferred accommodation	873,796	741,050
	1,138,556	954,125
Discretionary portion transferred to expendable equity	556,776	372,365
Admitting fees and differential charges — net	$581,780	$581,760

7. WRITE-OFF OF RECEIVABLE FROM PROVINCE OF ALBERTA

The hospitals recorded a receivable of $1,134,756 from the Province of Alberta for fiscal 1982 retroactive salary adjustments. The Province has indicated that it intended to offset this balance against the hospitals' 1982 operating surplus, but no final decision on this matter had been reached by the end of fiscal 1983. During fiscal 1984, it was resolved that the Province of Alberta would not reimburse the hospitals for this amount.

8. COMPARATIVE FIGURES

Certain 1984 comparative figures have been reclassified to conform with the presentation adopted in 1985.

Auditors' Report

Auditors' Report To the Chairman and Members of
The Edmonton Local Board of Health

We have examined the balance sheet of the Edmonton Local Board of Health as at March 31, 1985 and the statements of revenue and expenditures and retained surplus for the year then ended. Our examination was made in accordance with generally accepted auditing standards and accordingly included such tests and other procedures as we considered necessary in the circumstances.

In our opinion, these financial statements present fairly the financial position of the Board as at March 31, 1985 and the results of its operations for the year then ended in accordance with the accounting principles set out in note 2 to the financial statements which, except for the change in the basis of capitalizing leasehold improvements as described in Note 2(b)(iii), were applied on a basis consistent with that of the preceding year.

The budget figures for 1985, presented for comparative purposes in the statement of revenue and expenditures, are unaudited.

Edmonton, Canada
May 29, 1985

Peat, Marwick, Mitchell & Co.
Chartered Accountants

Balance Sheet

March 31, 1985 (with comparative figures for 1984)
(in thousands of dollars)

	1985	1984
ASSETS		
Current assets:		
Cash	$	$ 1
Investments (note 3)	2,050	
Due from City of Edmonton	151	529
Other accounts receivable	38	
Prepaid expenses	105	56
Total current assets	2,344	586
Fixed assets (note 4):		
Land	109	109
Buildings	832	832
Furniture and equipment	812	485
Leasehold improvements	78	
	1,831	1,426
	$4,175	$2,012
LIABILITIES AND EQUITY		
Current liabilities:		
Outstanding cheques less cash	$ 661	$
Accounts payable	702	
Unexpended special projects funds (note 5)	53	66
Total current liabilities	1,416	66
Equity:		
Investment in fixed assets (note 4)	1,831	1,426
Retained surplus (note 6)	928	520
Total equity	2,759	1,946
Commitments (note 9)		
	$4,175	$2,012

See accompanying notes to financial statements.

Statement of Revenue and Expenditures

Year ended March 31, 1985 (with comparative figures for 1984)
(in thousands of dollars)

	1985		1984
	Actual	Budget (note 10)	Actual
Revenue:			
Operating grant from the Province of Alberta	$16,962	$15,476	$15,619
Accommodation and capital grant from the Province of Alberta	1,682	1,831	1,605
Special project grants from the Province of Alberta (note 7)	160	67	296
Grants from other levels of Government	2		7
Investment income	419	260	282
Other revenue (note 8)	251	140	177
Total revenue	19,476	17,774	17,986
Expenditures:			
Salaries and benefits	11,769	11,812	11,088
Supplies and services	7,151	6,152	6,515
Purchase of fixed assets	405	80	107
Total expenditures	19,325	18,044	17,710
Excess of revenue over expenditures (budget deficit) before extraordinary item	151	(270)	276
Refund of excess pension contributions (note 2(e))	257		
Excess of revenue over expenditures	408	(270)	276
Amount allocated to retained surplus	408	(270)	276
Excess funds refundable to Province of Alberta	$	$	$

See accompanying notes to financial statements.

Statement of Retained Surplus

Year ended March 31, 1985 (with comparative figures for 1984)
(in thousands of dollars)

	1985	1984
Authorized retention (note 6):		
Balance, beginning of year	$ 520	$
Excess of revenue over expenditures	408	276
Transfer from reserve for discretionary fund		244
Balance, end of year	928	520
Reserve for discretionary fund:		
Balance, beginning of year		223
Interest income		21
Transfer to authorized retention		(244)
Balance, end of year		
Retained surplus, end of year	$ 928	$ 520

See accompanying notes to financial statements.

Notes to Financial Statements

March 31, 1985

1. GENERAL:

The Edmonton Local Board of Health is responsible for the planning, delivery and evaluation of local public health services in Edmonton and draws its authority primarily from the Public Health Act and the Health Unit Act. The health services are administered using funds granted by the Department of Social Services and Community Health of the Province of Alberta ("the Department").

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

The financial statements have been prepared in accordance with generally accepted accounting principles, except where otherwise noted, and reflect the following policies:

a) Assets, liabilities, revenue and expenditures are recorded on the accrual basis.

b) Fixed assets are recorded at cost, and in accordance with the following fund accounting principles:

i) depreciation is not recorded in the financial statements; however, fixed asset additions and replacements are recorded as expenditures in the year of acquisition;

ii) for control purposes, individual items having a cost of $500 or greater and a useful life of more than one year are capitalized and shown in the balance sheet at original cost, no depreciation being recorded, with the corresponding credit to Investment in Fixed Assets;

iii) leasehold improvements have been treated in a manner consistent with fixed assets for acquisitions subsequent to March 31, 1984. Prior to that date, leasehold improvements were expensed and not recorded in the balance sheet; and

iv) proceeds from disposals of fixed assets and government grants for the acquisition of fixed assets are recorded as revenue in the statement of revenue and expenditures.

c) Interest earned on the retained surplus is recorded as investment income revenue. Interest earned in previous years on the Reserve for Discretionary Fund was credited direct to this Reserve.

d) Payroll and benefit plans:
Vacation pay and benefits under the income replacement plan are recorded in the books of account when disbursed.

e) Pension plan:
Employees of the Board are covered by the pension plan for the City of Edmonton. A refund of earlier years' pension contributions of $256,564 received during the year has been treated as an extraordinary item in these financial statements.

f) Statement of changes in financial position:
This statement is not presented as the Statement of Revenue and Expenditures adequately discloses the financing and investing activities of the Edmonton Local Board of Health.

3. INVESTMENTS:

At March 31, 1985 the Edmonton Local Board of Health held the following treasury bills:

Maturity	Rate	Cost
April 26	11%	$1,500,208
April 4	10.3%	549,452
		$2,049,660

4. FIXED ASSETS:

	March 31, 1984	Additions	March 31, 1985
Land	$ 108,900	$	$ 108,900
Buildings	832,001		832,001
Furniture and equipment	484,992	326,856	811,848
Leasehold improvements		78,403	78,403
Total investment in fixed assets	$1,425,893	$ 405,259	$1,831,152

Notes to Financial Statements — continued

March 31, 1985

5. UNEXPENDED SPECIAL PROJECTS FUNDS:

Grant revenue is deferred when related expenditure for which funding was granted will be incurred in a future period. The unexpended special projects funds represent funding received for special, non-recurring projects which are continuing into the next fiscal year. On completion, unexpended funds are refundable to the funding authority.

	Funding Authority	Balance April 1, 1984	Grants Received	Grants Expended	Funds Carried Forward at March 31, 1985
Renovation of Jasper Place Clinic	Province of Alberta	$ 55,000	$	$ 55,000	$
Sour Gas Study	Province of Alberta	11,400		11,400	
Nursing Computerization	Province of Alberta		50,000		50,000
Home Care Computerization	Province of Alberta		93,500	93,500	
Canada Works	Government of Canada		4,867	1,600	3,267
		$ 66,400	$148,367	$161,500	$ 53,267

6. RETAINED SURPLUS:

a) In accordance with the surplus retention policy of the Government of Alberta, the Edmonton Local Board of Health is authorized to retain an amount equal to the greater of 10% of the 1984/85 operating grant, excluding accommodation and capital grants and special project allowances, or $250,000.

b) Of the $928,082 retained surplus balance at March 31, 1985, $256,564 is considered by the Board as a reserve to establish an independent payroll and benefits plan.

7. OTHER GRANTS FROM THE PROVINCE OF ALBERTA:

	1985	1984
Home care computerization	$ 93,500	$
Nursing computerization	50,000	
Sour gas study		13,000
Public health inspection students		8,000
Grants from earlier years, brought forward:		
Expended in year	66,400	283,505
Unexpended, credited to revenue		58,251
Unexpended grants, carried forward	(50,000)	(66,400)
	$159,900	$296,356

Notes to Financial Statements — continued

March 31, 1985

8. OTHER REVENUE:

	1985	1984
Patient revenue	$ 67,840	$ 40,882
Nursing revenue	51,383	49,973
Family planning revenue	35,675	12,012
Mental health revenue	18,464	5,299
Speech pamphlet revenue	4,734	14,330
Employment programs	31,052	17,170
Sale of fixed assets	871	1,588
Miscellaneous	7,011	35,494
Agency refunds	7,900	
Workers' Compensation Board	12,433	
Connaught study	14,400	
Total	$251,763	$176,748

9. COMMITMENTS:

The Edmonton Local Board of Health is committed to the following annual minimum lease payments for rental of buildings:

	Minimum Annual Lease Payment
Avord Arms Health Clinic 5 year term to December 31, 1986	$ 38,152
Abbotsfield Clinic 3 year term to June 30, 1986	6,032
Birth Control Clinic 5 year term to September 30, 1988	15,913
Castle Downs Clinic 5 year term to August 31, 1989	28,147
Clareview Village Centre Clinic 5 year term to November 30, 1986	27,600
Kingsway Home Care office 5 year term to April 30, 1986 with an option to renew for an additional 5 years	22,695
Harley Court Speech Health Clinic — 10th Floor 5 year term to March 31, 1987	28,539
Harley Court Home Care office — 3rd Floor 5 year term to August 31, 1986	23,753
Harley Court Pallative Care 1 year 10 month term to August 31, 1986	7,126
West Jasper Place Clinic 10 year term to August 31, 1992 with two options to renew for an additional 10 years	128,250
Plaza 124 10 year term to May 31, 1994	206,864
Strathcona Home Care 5 year term to October 31, 1989	12,692
Argyll Home Care 4 year term to April 30, 1985	784

10. 1985 BUDGET FIGURES:

The unaudited 1985 budget figures, presented for comparison purposes, are those approved by the Board on June 13, 1984, reclassified to the presentation in these financial statements.

11. COMPARATIVE FIGURES:

Certain of the 1984 comparative figures have been reclassified to conform with the current year's presentation.

Auditors' Report

To the Board of Trustees of
The Edmonton School District No. 7

We have examined the balance sheet of The Edmonton School District No. 7 as at August 31, 1985 and the operating fund statement of revenue, expenditures and deficit and the capital and loan fund statements of capital invested in fixed assets and changes in financial position for the year then ended. Our examination was made in accordance with generally accepted auditing standards, and accordingly included such tests and other procedures as we considered necessary in the circumstances.

In our opinion, these financial statements present fairly the financial position of The Edmonton School District No. 7 as at August 31, 1985 and the results of its operations and the changes in its capital and loan fund for the year then ended in accordance with the disclosed basis of accounting described in Note 1(a), applied on a basis consistent with that of the preceding year.

Edmonton, Alberta
November 1, 1985

Thorne Riddell
Chartered Accountants

Balance Sheet

As at August 31, 1985
(thousands of dollars)

ASSETS	1985	1984 (unaudited)
OPERATING FUND		
CURRENT ASSETS		
Accounts receivable	$ 20,262	$ 20,960
Inventory of supplies	1,656	1,581
Due from capital and loan fund	7,101	10,422
Prepaid expenditures	1,509	1,879
	30,528	34,842
TRUST ASSETS		
Term deposits and investment certificates	215	140
Total Operating Fund	30,743	34,982
CAPITAL AND LOAN FUND		
FIXED ASSETS		
Land and improvements	8,936	8,748
Buildings, furniture and equipment	319,905	306,478
Total Capital and Loan Fund	328,841	315,226
	$359,584	$350,208

The City of Edmonton

The Edmonton School District No. 7

Balance Sheet

As at August 31, 1985
(thousands of dollars)

	1985	1984 (unaudited)
LIABILITIES		
OPERATING FUND		
CURRENT LIABILITIES		
Bank indebtedness	$ 28,725	$ 32,464
Accounts payable and accrued liabilities	3,019	2,724
Purchase commitments	2,304	2,595
Deferred revenue	1,118	2,302
	35,166	40,085
DEFICIT	4,638	5,245
	30,528	34,840
TRUST LIABILITIES		
Scholarships and awards	215	142
Total Operating Fund	30,743	34,982
CAPITAL AND LOAN FUND		
CURRENT LIABILITIES		
Accounts payable and accrued liabilities	1,517	2,257
Due to operating fund	7,101	10,422
	8,618	12,679
LONG TERM DEBT (note 2)		
Capital loans	1,074	1,589
Debenture debt	132,250	129,817
	133,324	131,406
CAPITAL		
Reserve for future capital expenditures		875
Capital surplus	453	419
Capital invested in fixed assets	186,446	169,847
	186,899	171,141
Total Capital and Loan Fund	328,841	315,226
	$359,584	$350,208

Operating Fund Statement of Revenue, Expenditures and Deficit

Year Ended August 31, 1985
(thousands of dollars)

	1985	1984 (unaudited)
REVENUE		
School foundation program fund	$138,765	$137,421
Provincial grants	35,829	32,287
Supplementary requisitions	99,445	95,835
Other	10,957	9,175
	284,996	274,718
EXPENDITURES		
Salaries and employee benefits	214,732	208,829
Debt service, including bank interest	29,267	26,140
Utility services	9,768	9,288
Transportation services	7,491	7,603
Other services	7,359	8,035
Supplies and materials	12,189	10,945
Furniture and equipment	5,344	4,055
	286,150	274,895
OPERATING DEFICIT	(1,154)	(177)
EXTRAORDINARY ITEM (note 3)	1,761	
SURPLUS (DEFICIT) FOR THE YEAR	607	(177)
DEFICIT AT BEGINNING OF YEAR	5,245	5,068
DEFICIT AT END OF YEAR	$ 4,638	$ 5,245

Capital and Loan Fund Statement of Capital Invested in Fixed Assets

Year Ended August 31, 1985
(thousands of dollars)

	1985	1984 (unaudited)
CAPITAL INVESTED DURING THE YEAR		
From operating funds for		
Furniture and equipment	$ 5,344	$ 4,055
Repayment of debentures	9,742	8,908
Adjustments on debentures assumed		10
Repayment of capital loans	638	639
Transfer from reserve for future capital expenditures	875	
	16,599	13,612
BALANCE AT BEGINNING OF YEAR	169,847	156,235
BALANCE AT END OF YEAR	$186,446	$169,847

Capital and Loan Fund Statement of Changes in Financial Position

Year Ended August 31, 1985
(thousands of dollars)

	1985	1984 (unaudited)
FUNDS DERIVED FROM		
Issue of debentures	$12,175	$23,345
Capital Loans	123	
Increase in capital invested in fixed assets	16,599	13,612
Proceeds from disposal of land	34	
	28,931	36,957
FUNDS APPLIED TO		
Cost of additions to		
Land and improvements	188	955
Buildings, furniture and equipment	13,427	35,327
Repayment of debentures	9,742	8,908
Repayment of capital loans	638	639
Reduction of reserve for future capital expenditures	875	
	24,870	45,829
INCREASE (DECREASE) IN FUNDS PAYABLE	(4,061)	8,872
FUNDS PAYABLE AT BEGINNING OF YEAR	12,679	3,807
FUNDS PAYABLE AT END OF YEAR	$ 8,618	$12,679
Represented by:		
Due to operating fund	$ 7,101	$10,422
Accounts payable and accrued liabilities	1,517	2,257
	$ 8,618	$12,679

Notes to Financial Statements

Year Ended August 31, 1985

1. ACCOUNTING POLICIES

(a) Basis of accounting

Revenue, including grants from the Alberta government, and expenditures are recorded on the accrual basis except as follows:

(i) Salaries are recorded when paid.

(ii) Operating fund purchase commitments are recorded in the year in which the goods or services are ordered.

(iii) Principal and interest on debenture debt and capital loans are recorded when paid.

(iv) Local improvement charges on new school sites are recorded when billed by the City of Edmonton.

(b) Inventory of supplies

Inventory of supplies is valued at average cost.

(c) Fixed assets

Fixed assets, including buildings, building additions, major capital improvements and furniture and equipment, are recorded at cost in the capital and loan fund.

Operating fund expenditures made during the year for replacements of, or additions to furniture and equipment are recorded as contributions to the capital and loan fund. In the capital and loan fund these items are recorded as fixed assets and as an increase to capital invested in fixed assets.

Depreciation of fixed assets is not recorded in these financial statements.

2. LONG TERM DEBT

Payments for the next five years on capital loan and debenture debt outstanding at August 31, 1985 are approximately as follows:

Year ending August 31	Principal	Interest
1986	$10,884,000	$17,223,000
1987	10,062,000	15,964,000
1988	9,500,000	14,798,000
1989	8,696,000	13,660,000
1990	8,212,000	12,586,000

3. EXTRAORDINARY ITEM

Prior to the employees of the District adopting the Local Authorities Pension Plan in 1967, the employees participated in the City of Edmonton pension fund. At the time of transfer of the pension fund to the Local Authorities Pension Plan all of the funds in the City pension fund were not required by the Local Authorities Pension Plan.

During the year the matter was resolved and the District received $1,761,000 being its share of the excess contribution, including interest. This amount is reflected in these financial statements as an extraordinary item.

4. CAPITAL CONSTRUCTION

At August 31, 1985, the commitment for the uncompleted portion of the construction program amounted to $2,329,000. Substantially all of the construction program is to be financed through debenture borrowings which have been approved by the Local Authorities Board.

5. SCHOOL FUNDS

Individual schools offer various services and activities involving the receipt of monies which have not been included in the School District's accounting records. These services and activities include student unions, yearbooks, instructional materials, textbook rentals, field trips and fund-raising projects of various types. Based on reports submitted by each school for the most recent school year, it is estimated that the monies received for these services and activities approximated $7,602,000 (1984; $6,857,000) and cash balances on hand or in bank accounts approximated $1,705,000 (1984; $1,659,000) as at August 31, 1985.

Approximately $221,000 of the above funds have been placed on deposit with the District and are included in these financial statements.

6. COMPARATIVE FIGURES

Certain 1984 comparative figures have been reclassified in order to conform with the financial statement presentation adopted for 1985.

Auditors' Report

To the Board of Trustees

We have examined the Capital and Loan Fund and Operating Fund balance sheet of The Edmonton R.C. Separate School District No. 7 as at December 31, 1985 and the statements of capital reserves and equity, revenue and expenditures and operating deficit and changes in Capital and Loan Fund for the year then ended. Our examination was made in accordance with generally accepted auditing standards, and accordingly included such tests and other procedures as we considered necessary in the circumstances.

In our opinion, these financial statements present fairly the financial position of the District as at December 31, 1985 and the results of its operations and the changes in its capital and loan fund for the year then ended, in accordance with accounting principles, as described in Note 1, applied on a basis consistent with that of the preceding year.

Further, in our opinion, Schedules 1 to 4, when considered in relation to the aforementioned financial statements, present fairly the supplemental information shown.

March 10, 1986

Coopers & Lybrand
Chartered Accountants

Balance Sheet

December 31, 1985
(in thousands of dollars)

	1985	1984
ASSETS		
CAPITAL AND LOAN FUND		
Receivable from Operating Fund	$ 472	$
Fixed Assets		
Land and servicing costs	4,875	4,868
Buildings	107,273	104,639
Furniture and equipment	17,979	17,045
	130,127	126,552
	$130,599	$126,552
OPERATING FUND		
Cash in bank	$ 356	$
Investment in short-term deposit	1,500	
Cash in trust	107	367
Receivable from Capital Fund		551
Accounts receivable		
Province of Alberta	2,746	1,692
Other	565	268
Inventories	794	726
Prepaid expenses	344	636
	$ 6,412	$ 4,240

Balance Sheet

December 31, 1985
(in thousands of dollars)

	1985	1984
LIABILITIES		
CAPITAL AND LOAN FUND		
Payable to Operating Fund	$	$ 551
Construction holdbacks	33	71
Short-term capital loans — Note 2	433	600
Debenture debt — Note 3	54,676	54,842
Capital reserves and equity	75,457	70,488
	$130,599	$126,552
OPERATING FUND		
Bank indebtedness		
Outstanding cheques, less related bank balances	$	$ 404
Bank loan	125	275
Accounts payable and accrued charges	6,485	4,166
Outstanding purchase commitments	372	242
Unexpended decentralized budgets	148	270
Pupils' fees paid in advance	296	102
Unexpended government grants — Note 4	134	349
Trust liabilities	107	367
Payable to capital fund	472	
Operating deficit	(1,727)	(1,935)
	$ 6,412	$ 4,240

COMMITMENTS — Note 4

Statement of Capital Reserves and Equity

For the year ended December 31, 1985
(in thousands of dollars)

	1985	1984
BALANCE AT BEGINNING OF THE YEAR	$70,488	$65,852
Contributions from operating fund	808	893
Debentures redeemed	3,738	3,547
Gain on sale of fixed assets	98	
Short-term capital loans paid	168	149
Sales tax rebate — construction	157	47
INCREASE IN CAPITAL RESERVES AND EQUITY DURING THE YEAR	4,969	4,636
BALANCE AT END OF THE YEAR	$75,457	$70,488
BALANCE REPRESENTED BY		
Equity in capital assets	$75,359	$70,488
Reserve — buildings	98	
	$75,457	$70,488

The Edmonton R.C. Separate School District No. 7

Statement of Revenue and Expenditures and Operating Deficit

For the year ended December 31, 1985
(in thousands of dollars)

	1985	1984
REVENUE — Schedule 1		
Provincial foundation plan	$ 59,141	$ 57,788
Other provincial grants	10,322	9,192
Supplementary requisition	35,710	33,675
Federal government	1,089	857
Other revenue	3,780	3,528
	110,042	105,040
EXPENDITURES — Schedules 2 and 3		
Salaries	76,486	73,646
Employee benefits	5,712	5,517
Services purchased and contracted	13,081	11,946
Supplies and materials	2,923	3,272
Contributions to capital fund	808	893
Debt services	10,824	10,336
Transfers		42
	109,834	105,652
EXCESS OF REVENUE OVER EXPENDITURES FOR THE YEAR	208	(612)
TRANSFER FROM SURPLUS ON TERMINATION OF NON-TEACHERS' RETIREMENT FUND		96
OPERATING DEFICIT AT BEGINNING OF THE YEAR	(1,935)	(1,419)
OPERATING DEFICIT AT END OF THE YEAR	$ (1,727)	$ (1,935)

Statement of Changes in Capital and Loan Fund

For the year ended December 31, 1985
(in thousands of dollars)

	1985	1984
FUNDS PROVIDED		
Increase in capital reserves and equity	$ 4,969	$ 4,637
Item not affecting funds		
Gain on sale of fixed assets	(98)	
Debentures issued	3,572	5,587
Short-term capital loans		204
Proceeds on sale of fixed assets	105	
	8,548	10,428
FUNDS APPLIED		
Purchases of		
Land and servicing costs	8	402
Buildings	2,639	5,942
Furniture and equipment	934	2,151
Debentures redeemed	3,738	3,547
Short-term capital loans paid	168	149
	7,487	12,191
INCREASE IN FUNDS DURING THE YEAR	1,061	(1,763)
FUNDS (PAYABLE) AT BEGINNING OF THE YEAR	(622)	1,141
FUNDS RECEIVABLE AT END OF THE YEAR	$ 439	$ (622)
REPRESENTED BY		
Receivable from operating fund	$ 472	$ (551)
Construction holdbacks	(33)	(71)
	$ 439	$ (622)

The Edmonton R.C. Separate School District No. 7

Schedule of Operating Revenue by Source

For the year ended December 31, 1985
(in thousands of dollars)

SCHEDULE 1

	1985	1984
PROVINCE OF ALBERTA		
Provincial Foundation Plan		
Per pupil grants	$ 46,936	$ 46,585
Transportation of pupils	2,512	2,020
Administration	518	400
Debt retirement	8,634	8,237
Building quality restoration program	307	321
Approved capital loans	234	225
	59,141	57,788
Other Provincial Grants		
Special Education Program	3,908	3,080
Vocational pupils C.E.U.'s	807	776
Extension program	89	152
Intern teachers	310	
Teachers' inservice	220	95
Private schools and handicapped	90	267
Educational opportunity fund	949	1,188
Early childhood services	2,751	2,478
English as a Second Language	224	68
Wards of the province	19	41
Equity grants	155	312
Polish and Ukrainian languages	85	65
Other	133	240
Official language (French)	298	136
Community schools	284	294
	10,322	9,192
SUPPLEMENTARY REQUISITION	35,710	33,675
FEDERAL GOVERNMENT		
Tuition fees	201	240
French grants	492	405
Continuing education	396	212
	1,089	857
OTHER REVENUE		
Tuition fees and transportation	1,888	1,589
Textbook rentals	546	501
Rental fees	1,121	1,024
Investment income	157	184
Sundry	68	230
	3,780	3,528
	$110,042	$105,040

The Edmonton R.C. Separate School District No. 7

Schedule of Operating Expenditures by Function

For the year ended December 31, 1985
(in thousands of dollars)

Function Description	Salaries	Employee Benefits
Elementary instruction	$ 27,554	$ 1,552
Junior high instruction	13,232	853
Senior high instruction	16,284	1,034
Special education	5,088	337
Early childhood services	2,099	171
Community services	1,193	77
Administration	3,321	625
Operation/maintenance	7,694	1,060
Transportation	21	3
Debt services		
1985	$ 76,486	$ 5,712
	69.63%	5.19%
1984	$ 73,646	$ 5,517
	69.71%	5.22%

SCHEDULE 2

Services Purchased	Supplies/ Materials	Capital Outlay	Debt Services	Transfers	1985 Total	1985 %	1984 Total	1984 %
$ 144	$ 872	$ 238	$	$	$ 30,360	27.69	$ 29,579	28.00
74	593	102			14,854	13.52	14,362	13.59
68	736	173			18,295	16.65	17,628	16.69
484	77	14			6,000	5.46	6,077	5.75
25	61	20			2,376	2.16	2,377	2.25
44	25	45			1,384	1.25	1,200	1.14
1,240	164	88			5,438	4.95	5,505	5.21
6,727	394	128			16,003	14.56	14,679	13.89
4,275	1				4,300	3.91	3,909	3.70
			10,824		10,824	9.85	10,336	9.78
$ 13,081	$ 2,923	$ 808	$ 10,824	$	$109,834		$105,652	
11.91%	2.66%	0.74%	9.85%			100.00%		100.00%
$ 11,946	$ 3,272	$ 893	$ 10,336	$ 42	$105,652			
11.31%	3.10%	0.84%	9.78%	0.04%		100.00%		

Schedule of Operating Expenditures by Object

For the year ended December 31, 1985
(in thousands of dollars)

SCHEDULE 3

OBJECT DESCRIPTION	1985	1984
SALARIES		
Teaching regular	$ 58,661	$ 56,739
Teaching temporary	982	888
Non-teaching regular	16,107	15,384
Non-teaching temporary	689	572
Trustees' remuneration	47	63
TOTAL SALARIES	76,486	73,646
EMPLOYEE BENEFITS AND ALLOWANCES		
Distributed benefits	5,259	5,001
Advanced study and bursaries	433	497
In-service training	20	19
TOTAL EMPLOYEE BENEFITS AND ALLOWANCES	5,712	5,517
SERVICES PURCHASED AND CONTRACTED		
Professional and technical	505	602
Postage and telegraph	44	39
Public utility service	4,076	3,649
Travel and subsistence	325	286
Transportation of pupils	4,273	3,886
Maintenance and repair	2,424	2,049
Rental	371	352
Taxes	39	42
Tuition	462	537
Dues and fees	190	193
Printing	87	76
Insurance and bond premiums	213	194
Advertising	72	41
TOTAL SERVICES PURCHASED AND CONTRACTED	13,081	11,946
SUPPLIES AND MATERIALS		
Supplies	1,718	1,961
Textbooks	833	948
Media materials	387	346
Warehouse inventory adjustment	(15)	17
TOTAL SUPPLIES AND MATERIALS	2,923	3,272
CONTRIBUTIONS TO CAPITAL FUND		
Equipment and furniture	788	873
Vehicles	20	20
TOTAL CONTRIBUTIONS TO CAPITAL FUND	808	893
DEBT SERVICES		
Debenture debt principal	3,738	3,547
Debenture debt interest	6,564	6,200
Short-term capital loan principal	168	149
Short-term capital loan interest	54	75
Bank interest and charges	300	365
TOTAL DEBT SERVICES	10,824	10,336
TRANSFERS		42
	$109,834	$105,652

Schedule of Per Pupil Costs

For the year ended December 31, 1985

SCHEDULE 4

	1985 (in thousands of dollars)	Per Pupil (Based on Average Enrolment)	1984 (in thousands of dollars)	Per Pupil (Based on Average Enrolment)
INSTRUCTIONAL EXPENSES				
Teachers' salaries, pupil and classroom supplies and textbooks	$ 65,885	$2,588.61	$ 63,946	$2,489.92
SPECIAL EDUCATION				
Teachers' salaries, pupil and classroom supplies and textbooks	6,001	235.78	6,077	236.63
ADMINISTRATION				
Salaries, stationery, supplies	5,438	213.66	5,505	214.34
OPERATION AND MAINTENANCE				
Salaries, utilities, maintenance	16,003	628.74	14,679	571.58
TRANSPORTATION OF PUPILS	4,299	168.91	3,909	152.21
DEBT SERVICES				
Debenture interest, redemption and bank charges	10,824	425.27	10,336	402.45
	108,450	$4,260.97	104,452	$4,067.13
COMMUNITY SERVICES	1,384		1,200	
	$109,834		$105,652	

AVERAGE ENROLMENT

	1985	1984
Kindergarten	1,005	975
Elementary	11,623	11,625
Junior high	5,521	5,709
Senior high	6,103	6,140
Special education	1,200	1,233
Average enrolment	25,452	25,682

Notes to Financial Statements

For the year ended December 31, 1985

1. ACCOUNTING POLICIES

These financial statements have been prepared in accordance with the following accounting policies which are consistent with the accounting principles used by the Alberta Department of Education for Alberta School Districts.

(a) **Fixed Assets**
Fixed assets are recorded at cost and no provision for depreciation has been made in these financial statements.

(b) **Purchase Commitments and Unexpended Decentralized Budgets**
The District follows the policy of recording operating fund purchase commitments and unexpended decentralized school budgets as expenditures in the year the funds are committed or budgeted rather than in the year the goods and services are received and the actual liability incurred.

(c) **Inventories**
Inventories are valued at average cost.

(d) **Revenue Recognition**
Revenue is recorded using the accrual basis of accounting.

(e) **Interest on Debentures**
Interest on debenture debt is recorded as an expenditure when paid. No provision for accrued interest payable on debenture debt has been recorded in the accounts as payment of this interest is funded through the Provincial Foundation Plan.

(f) **Prepaid Expenses**
Expenditures incurred under programs which are partially funded by the provincial government are recorded as operating expenditures in the period in which the related funding is received. Expenditures incurred in advance, including the unfunded portion, are recorded as prepaid expenses and matched with revenue when the funding is received.

Notes to Financial Statements — continued

For the year ended December 31, 1985

2. SHORT-TERM CAPITAL LOANS

The loans are repayable as follows:

1986	$167,407
1987	112,278
1988	112,278
1989	40,813
	$432,776

Under the terms of the Building Quality Restoration Program, the repayment of loans and interest thereon is funded by the Provincial foundation plan.

3. DEBENTURE DEBT

Principal and interest payments on debenture debt are due as follows:

	Principal	Interest
1986	$3,898,552	$6,556,612
1987	3,855,352	6,137,287
1988	3,776,872	5,720,447
1989	3,666,972	5,308,120
1990	3,618,972	4,902,113
1991 to maturity	35,858,818	30,893,641
	$54,675,538	$59,518,220

Repayment of debentures and interest thereon is funded by the Provincial foundation plan.

4. COMMITMENTS

The District is committed to expenditures of $268,362 for the purchase of computer equipment under the provincial government program for Senior High School Business Education Equipment Upgrading. These expenditures are funded on a 50/50 cost-sharing basis between the District and the Government of Alberta. The District has received $134,181 for the government's share of expenditures that have not yet been incurred.

5. SCHOOL GENERATED FUNDS

Funds may be generated by individual schools through fund-raising projects, incidental sales and other activities. The receipts and disbursements related to these funds are not included in the accounting records of the school district and, therefore, are not reflected in these financial statements.